

Official Statement

Paso Robles Joint Union
High School District
Educational Facilities Corporation
San Luis Obispo and Monterey
Counties, California

\$6,345,000 Bonds, Series of 1979

[Stone & Youngberg, municipal financing consultants]

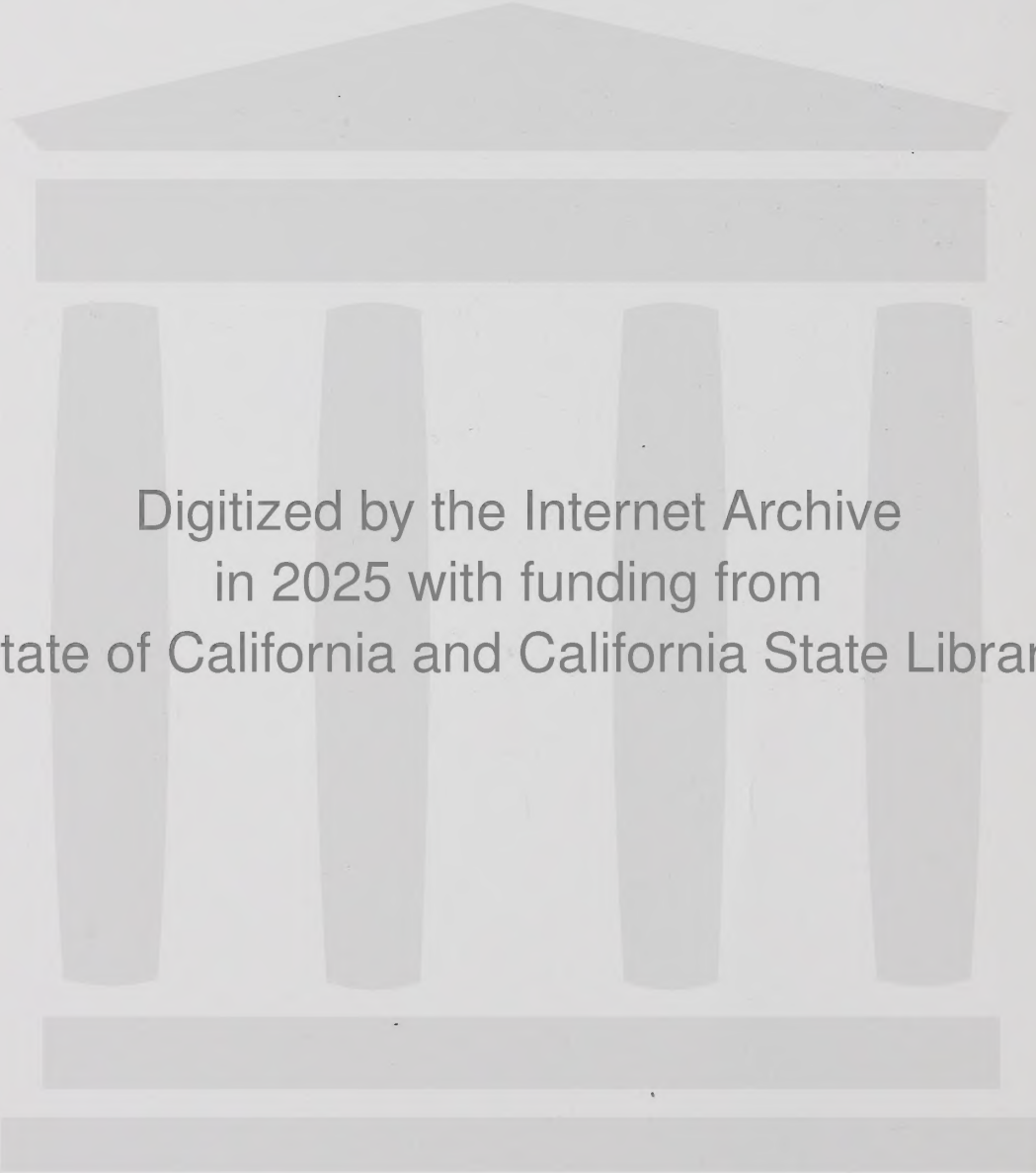
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Bids to be received by the Corporation on Tuesday, February 27, 1979 at 10:00 A.M. at the Conference Room of Stone & Youngberg Municipal Financing Consultants, Inc., Suite 2750, One California Street, San Francisco, California.



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OFFICIAL STATEMENT
\$6,345,000 BONDS, SERIES OF 1979
PASO ROBLES JOINT UNION HIGH SCHOOL DISTRICT
EDUCATIONAL FACILITIES CORPORATION

Paul T. Hart, *President*

R. G. Hamilton, *Vice President*

William M. Gerst, *Treasurer*

Lester C. Dauth, *Secretary*

Pete J. Cagliero, *Director*

Merle F. Miller, *Director*

Gene R. Stemper, *Director*

PASO ROBLES JOINT UNION HIGH SCHOOL DISTRICT
BOARD OF TRUSTEES

William L. Van Horn, *President*

Craig W. Rossier, *Clerk*

Ella Mae Butterfield

Carol M. Morrison

Thomas M. Young

ADMINISTRATIVE STAFF

Dr. Bill J. James, *Superintendent*

Robert W. Bickmore, *Assistant Superintendent*

Frank B. Heinen, *Business Manager*

PROFESSIONAL SERVICES

Orrick, Herrington, Rowley & Sutcliffe, *San Francisco, California*

Bond Counsel

Stone & Youngberg Municipal Financing Consultants, Inc., *San Francisco, California*

Financing Consultants

Arendt/Mosher/Grant/Pedersen/Phillips, *Santa Barbara, California*

Architects

United California Bank, *San Francisco, California*

Trustee

Manufacturers Hanover Trust Company, *New York, New York*

Paying Agent

The Northern Trust Company, *Chicago, Illinois*

Paying Agent

THE DATE OF THIS OFFICIAL STATEMENT IS JANUARY 30, 1979

79 00595

TO WHOM IT MAY CONCERN:

The purpose of this Official Statement is to supply information to prospective bidders on, and buyers of, \$6,345,000 principal amount of Series of 1979 Bonds, proposed to be issued by the Paso Robles Joint Union High School District Educational Facilities Corporation.

The material contained in this Official Statement was prepared by Stone & Youngberg Municipal Financing Consultants, Inc., in the capacity of financing consultants to the Corporation and the Paso Robles Joint Union High School District (which firm will receive compensation from the Corporation contingent upon the sale and delivery of the Bonds).

This Official Statement is not to be construed as a contract with the purchasers of the Series of 1979 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The agreements of the Corporation with the purchasers of the Series of 1979 Bonds are set forth in the Indenture, a copy of which will be available to any prospective investor in the Series of 1979 Bonds. Reference is hereby made to the Indenture for a complete statement of the rights and obligations of the Corporation and holders of the Series of 1979 Bonds.

No dealer, broker, salesman or other person has been authorized by the Corporation to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the Series of 1979 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The members of the governing board of the Paso Robles Joint Union High School District have reviewed this Official Statement and have determined that as of the date hereof the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. The Paso Robles Joint Union High School District will deliver to the purchaser of the Series of 1979 Bonds a certificate as to the above, dated the date of bond delivery, and further certifying that the signatories know of no material adverse change in the condition of the District which would make it unreasonable for the purchaser of the Series of 1979 Bonds to rely upon the Official Statement in connection with the resale of the Bonds, and authorizing the purchaser of the Series of 1979 Bonds to distribute copies of the Official Statement in connection with the resale of the Series of 1979 Bonds. 250 copies of the Official Statement will be supplied to the purchaser of the Series of 1979 Bonds for this purpose.

The opinion of Orrick, Herrington, Rowley & Sutcliffe, San Francisco, California, Bond Counsel to the Corporation, will be furnished to the successful bidder (see the section entitled "Legal Opinion" herein). The scope of Bond Counsel's employment in connection with the review of this Official Statement has been limited to reviewing the statements of law and legal conclusions set forth herein under the sections entitled "Paso Robles Joint Union High School District Educational Facilities Corporation" and "The Bonds."

Dated January 30, 1979

PASO ROBLES JOINT UNION HIGH SCHOOL
DISTRICT EDUCATIONAL FACILITIES CORPORATION

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SUMMARY OF ESSENTIAL FACTS AND ESTIMATES

Paso Robles Joint Union High School District Educational Facilities Corporation

\$6,345,000 Series of 1979 Bonds

Issuer and Authority for Issuance: Paso Robles Joint Union High School District Educational Facilities Corporation pursuant to the General Nonprofit Corporation Law of the State of California (Title 1, Division 2, Part 1 of the California Corporations Code), and an Indenture between the Corporation and United California Bank, San Francisco, California, as Trustee.

Purpose of Issue: Finance the construction of Project Phase I, consisting of a new high school for lease to the Paso Robles Joint Union High School District.

Issue of Bonds: \$6,345,000 principal amount of the Corporation's Series of 1979 Bonds, dated March 1, 1979 and maturing on December 1 as follows:

Maturity Date December 1	Principal Amount	Maturity Date December 1	Principal Amount
1981 ...	\$130,000	1992 ...	\$295,000
1982 ...	145,000	1993 ...	320,000
1983 ...	155,000	1994 ...	340,000
1984 ...	165,000	1995 ...	365,000
1985 ...	180,000	1996 ...	395,000
1986 ...	190,000	1997 ...	425,000
1987 ...	205,000	1998 ...	455,000
1988 ...	220,000	1999 ...	490,000
1989 ...	240,000	2000 ...	525,000
1990 ...	255,000	2001 ...	575,000
1991 ...	275,000		

Interest: Maximum rate not to exceed 7.5 percent per annum, payable for the first 9 months on December 1, 1979 and semiannually thereafter on each succeeding June 1 and December 1 of each year.

Time and Place of Sale: Tuesday, February 27, 1979 at 10:00 A.M. at the Conference Room of Stone & Youngberg Municipal Financing Consultants, Inc., Suite 2750, One California Street, San Francisco, California.

Payment and Registration: Interest and principal payable at the principal office of United California

Bank, San Francisco, California (the Trustee), or in the case of coupon bonds at the principal office of Manufacturers Hanover Trust Company in New York, New York, or at the office of The Northern Trust Company in Chicago, Illinois.

Call Provisions: All bonds callable from proceeds of insurance or eminent domain on any date without premium. Bonds maturing on or before December 1, 1994 not otherwise callable. Bonds maturing on and after December 1, 1995 also callable on any interest payment date on or after December 1, 1989 at a maximum premium of 3.25 percent and at lesser premiums in subsequent years as specified in the Indenture.

Tax Exemption: In the opinion of Bond Counsel, interest on the Series of 1979 Bonds is exempt from all present federal and State of California personal income taxes.

Eligibility for Deposits of Public Monies and for National Banks: The Series of 1979 Bonds are eligible to secure deposits of public funds in California under Section 53651.5 of the California Government Code. It is believed the U.S. Comptroller of Currency will issue a ruling that the Series of 1979 Bonds are eligible for purchasing, dealing in, underwriting, and unlimited holding by national banks.

Blue Sky Memorandum: Information memorandum regarding applicability of blue-sky laws in all states, the District of Columbia, and Puerto Rico will be furnished to prospective purchasers.

Legal Opinion: Orrick, Herrington, Rowley & Sutcliffe, San Francisco.

Security: Payment of Bond interest and principal secured by a first and exclusive charge upon District base rental payments. Rental payments are general fund obligations and District covenants to budget and appropriate necessary funds each year.

District voters have approved a \$0.72 per \$100 assessed valuation maximum annual tax rate increase over the period 1977/78 through 2001/02 for Project Phase I purposes. Proceeds of the voter approved maximum tax rate increase may be used only to meet District rental obligations and related costs for Project Phase I facilities.

Principal source of District funds to pay rental is expected to be the voter approved tax for Project Phase I purposes. See the section of this Official Statement entitled "1978 Constitutional Amendment, Supreme Court Validation, and Implementing Legislation" beginning on page 8 relative to the possible impact of Article XIII A (Proposition 13) to the California Constitution on the District's continuing ability to levy the voter approved tax for Project Phase I purposes.

District expects to levy the voter approved tax for Project Phase I in 1980/81 for rental obligations commencing on May 15, 1981. District's staff estimates 1980/81 assessed valuation of the District at \$93,455,000 on the following bases: (1) 1978/79 assessed valuation base will increase at the rate of 2 percent per year to compensate for inflation as permitted under Section 2(b) of Article XIII A of the California Constitution; (2) valuation of new construction from March 1, 1978 through December 31, 1978 in City of Paso Robles will add in 1979/80 approximately \$3,149,000 of assessed valuation to District's present assessed valuation; and (3) no major natural disasters will occur in District which would cause a significant reduction in values of property damage or destroyed in a disaster.

Based on District's estimated 1980/81 Assessed Valuation (\$93,455,000) the voter approved lease tax provides coverage of 1.04 times District's estimated maximum annual rental obligations. Estimated 1.04 coverage would increase to the extent that: (1) the Series of 1979 Bonds were sold at a rate less than the maximum permitted rate of 7.5 percent; (2) District's estimate of 1980/81 assessed valuation increased additionally due to (a) new construction undertaken in District over period January 1979 through March 1, 1980, and (b) changes in ownership of properties presently assessed at 1975/76 tax roll levels.

Other Protective Provisions of the Series of 1979

Bonds: (1) Reserve equal to one-half maximum annual debt service created from bond proceeds; (2)

interest funded from bond proceeds through December 1, 1980, or three months beyond the estimated completion of construction and date of occupancy; (3) initial semiannual rental payment due on May 15, 1981, or approximately seven and one-half months beyond the estimated completion of construction and date of occupancy; (4) firm construction bid has been received with 100% faithful performance and 100% labor and materialmen's bonds; (5) insurance protection includes fire and extended coverage for not less than full replacement costs of the facilities or sufficient to pay Bonds, subject to a deductible clause not to exceed \$50,000 for any one loss; earthquake insurance after completion, if such insurance is available at reasonable cost on the open market from reputable insurance companies, for not less than full replacement cost of the facilities or sufficient to pay Bonds, subject to a deductible clause not to exceed 10 percent of replacement cost for any one loss (the Contractor will provide this insurance with a 3% deductible during construction); rental interruption insurance equal to time required to construct structure plus three months, less a 30-day deductible; public liability and property damage insurance; and a policy of title insurance in the amount of the Bonds insuring the Corporation's interest in the site upon which facilities are to be located.

The District: Encompasses approximately 600 square miles and is approximately midway between San Francisco and Los Angeles on U.S. 101. Population is estimated at 15,000, two-thirds of which live in the City of Paso Robles.

District's economy based on agriculture, tourism, and gradually developing light manufacturing sectors.

District Financial Data: Five year history shows: (1) gradual increase in average daily attendance from 823 in 1973/74 to 880 in 1977/78, (2) growth in assessed valuation from \$43,816,482 in 1974/75 to \$86,738,429 in 1978/79, and (3) current tax delinquency rates average of 4.81 percent.

ALL OF THE TERMS OF THIS SUMMARY OF ESSENTIAL FACTS AND ESTIMATES ARE SUBJECT TO THIS OFFICIAL STATEMENT AND THE OFFICIAL NOTICE OF SALE OF THE BONDS.

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The Paso Robles Joint Union High School District, located approximately 220 miles north of Los Angeles, serves an area of approximately 600 square miles in northern San Luis Obispo County and southern Monterey County.

PASO ROBLES JOINT UNION HIGH SCHOOL DISTRICT EDUCATIONAL FACILITIES CORPORATION

Organization and Membership

The Paso Robles Joint Union High School District Educational Facilities Corporation, herein referred to as the "Corporation", was formed on October 7, 1977, as a nonprofit corporation pursuant to the General Nonprofit Corporation Law of the State of California (Title 1, Division 2, Part 1, of the California Corporation Code). The purpose of the Corporation is to provide financial assistance to the Paso Robles Joint Union High School District, San Luis Obispo and Monterey Counties, California, herein referred to as the "District", by financing the acquisition, construction, improvement and remodeling of public school buildings and facilities for the District.

The Corporation functions as an independent entity and its policies are determined by a Board of Directors who are residents of the District and active in civic affairs. The members of the Board of Directors, who serve without compensation, are:

Paul T. Hart, President. Mr. Hart, a resident of the District for 26 years, is an attorney at law. He previously served as a School Board Trustee of the Paso Robles Union School District and the Paso Robles Joint Union High School District for a period of 12 years. Mr. Hart holds a JD degree from Ohio State University.

R. G. Hamilton, Vice President. Mr. Hamilton, a resident of the District for 8 years, is a building contractor and Vice President of System Steel Builders. He is active in community organizations, having served as a member of the District's Advisory Board and President of the Chamber of Commerce in 1977/78.

William M. Gerst, Treasurer. Mr. Gerst, a resident of the District for 52 years, is a farmer. He previously served for 12 years as a School Board Trustee of the Paso Robles Union School District and the Paso Robles Joint Union High School District. Mr. Gerst, a member of the Diamond Walnut Growers Corporation, is active in Farm Bureau organizations at the local, county, and state level.

Lester C. Dauth, Secretary. Mr. Dauth has resided in the District for 57 years. He previously served as a School Board Trustee of the Paso Robles Union School District and the Paso Robles Joint Union High School District for a period of 17 years.

Pete J. Cagliero, Director. Mr. Cagliero is a businessman and rancher who has resided in the District for 22 years. He previously served as a School Board Trustee for the San Miguel School District. He is active in the affairs of the San Luis Obispo Cattlemen's Association, Farmers and Ranchers Association, and the Farm Bureau. Mr. Cagliero is a graduate of Mt. San Antonio College.

Merle F. Miller, Director. Mr. Miller has resided in the District for 42 years. He is a principal in Miller/King Ranching and Development. Mr. Miller holds a BS degree in Agricultural Engineering from California Polytechnic State University, San Luis Obispo. He is active in the affairs of the Chamber of Commerce, 4-H Club, Farm Bureau, and Parent Teachers Association.

Gene R. Stemper, Director. Mr. Stemper has resided in the District for 32 years. He is a partner in a local retail establishment and construction firm.

Certain Powers of the Corporation

The powers of the Corporation are vested in, and exercised by, a majority of its directors. Under its Articles of Incorporation, the Corporation has all powers conferred upon nonprofit corporations by the laws of the State of California including the following:

(a) To borrow money and issue bonds, debentures, notes and other evidences of indebtedness, and to secure the payment or performance of its obligations by pledge, mortgage, transfer in trust or otherwise;

(b) To acquire, by purchase, exchange, lease, gift, devise, bequest or otherwise, and to hold, improve, lease, sublease, mortgage, transfer in trust, encumber, exchange, convey or otherwise dispose of real and personal property; and

(c) To assume any obligations, enter into any contracts and other instruments and do any and all things incidental to or expedient for the attainment of its corporate purposes or the issuance and sale of its securities.

Financing Procedures and Basic Legal Documents

Lease Authorization Tax. On May 31, 1977 voters of the Paso Robles Joint Union High School District, by a majority vote approved an increase of \$0.72 per \$100 assessed valuation in the District's maximum tax rate over the period 1977/78 through 2001/02 for the purpose of preparing plans and specifications, and leasing a site and buildings to be constructed for use by the District consisting of a fully furnished, equipped, and landscaped new high school.

Project Implementation. The \$6,345,000 principal amount of the Corporation's Series of 1979 Bonds will be issued pursuant to an Indenture, dated as of March 1, 1979, between the Corporation and United California Bank, San Francisco, California, as Trustee. The Indenture, approved as to preliminary form by the Corporation on January 30, 1979, will be executed prior to the delivery of the Series of 1979 Bonds. A summary of certain provisions of the Indenture is presented in the section of this Official Statement entitled "The Bonds".

Proceeds from the sale of the Corporation's \$6,345,000 principal amount of Series of 1979 Bonds will be used to construct Project Phase I, the first portion to be constructed of the facility specified in the voter-approved Lease Authorization Tax Ballot Proposition. Details of Project Phase I costs, scheduling of construction, sources of funds, and the application of proceeds from the sale of the Series of 1979 Bonds are presented in the section of this Official Statement entitled "The Project".

The facility which constitutes Project Phase I will be constructed on a District-owned site that is to be leased to the Corporation pursuant to provisions of a site lease, the principal provisions of which are summarized in the section of this Official Statement entitled "Site Lease (Project Phase I)".

The Corporation will lease back to the District the Project Phase I site and facility to be constructed thereon by the Corporation pursuant to provisions of a facility lease, the principal provisions of which are summarized under the section of this Official Statement entitled "Facility Lease (Project Phase I)".

For complete details of provisions of the Indenture, the Site Lease (Project Phase I), and the Facility Lease (Project Phase I), prospective purchasers of the Series of 1979 Bonds are referred to the text of the Basic Legal Documents accompanying the distribution of this Official Statement.

Site Lease (Project Phase I)

The Site Lease (Project Phase I), herein referred to as the "Site Lease", has been approved as to preliminary form by the Corporation. The Site Lease will be dated March 1, 1979 and will be executed prior to the delivery of the Series of 1979 Bonds.

Pursuant to the Site Lease, the District will lease to the Corporation, at an annual rate of \$1.00, the real property (Demised Premises) upon which the Project Phase I facility is to be constructed. The Corporation shall use the Demised Premises solely for the purpose of: (1) constructing the Project Phase I facility thereon, and (2) leasing back to the District the Demised Premises and the facility thereon pursuant to the Facility Lease (Project Phase I).

Term. The term of the Site Lease shall start on the date of its recordation in the office of the County Recorder of San Luis Obispo County, State of California, or on August 1, 1979, whichever is earlier. The term of the Site Lease shall end on May 1, 2002, unless such term is extended or earlier terminated. If prior to May 1, 2002, all of the Series of 1979 Bonds shall have been retired, the Site Lease shall be terminated ten days thereafter (the final maturity of the Series of 1979 Bonds is December 1, 2001). If on April 30, 2002, all of the Series of 1979 Bonds shall not have been retired, the term of the Site Lease shall be extended until ten days after all of the Series of 1979 Bonds are retired, except that the term of the Site Lease shall in no event extend beyond May 1, 2007.

Title to Sites: Mortgage of Leasehold. The District owns the Project Phase I site. Under provisions of the Site Lease, the Corporation is granted the right to mortgage or otherwise encumber by indenture, or deed of trust, or otherwise, the Site Lease, any rights thereunder, and the leasehold created thereunder to secure any indebtedness of the Corporation incurred to finance construction of Project Phase I.

Quiet Enjoyment. The Corporation at all times during the term of the Site Lease shall peaceably and quietly have, hold, and enjoy all of the Demised Premises except in the event of default.

Default. In the event the Corporation shall be in default in the performance of any of its obligations under this lease, and the default continued for thirty (30) days following notice and demand for correction thereof to the Corporation, the District may exercise its legal remedies; provided that the District shall have no power to terminate the lease by reason of any default on the part of the Corporation if termination would affect or impair any assignment or sublease of all or any part of the Demised Premises between the Corporation and any assignee or subtenant of the Corporation (other than the District under the Facility Lease). So long as any such assignee or subtenant of the Corporation duly performs the terms and conditions of the lease and of its sublease (if any), such assignee or subtenant shall be deemed to be the tenant of the District and shall be entitled to all of the rights and privileges granted under any such assignment, provided that so long as any indebtedness of the Corporation secured by an indenture is outstanding and unpaid the rentals or any part thereof payable to the Trustee under such indenture shall continue to be paid to the Trustee.

Eminent Domain Proceedings. In the event all or any part of the Demised Premises or the Project Phase I improvements thereon are taken by eminent domain proceedings, the interests of the Corporation shall be recognized in the amount of the then unpaid indebtedness incurred by the Corporation to finance the construction of Project Phase I, including interest thereon and all other payments required to be made by, or to, the Trustee under the Indenture securing the Series of 1979 Bonds.

Termination and Disposition of Project. Upon the termination of the Site Lease, the Corporation agrees to surrender to the District the Demised Premises and title to the permanent structures and improvements existing thereon.

The foregoing summary discussion of selected features of the proposed form of Site Lease are made subject to all of the provisions of the proposed form of Site Lease. This summary discussion does not purport to be a complete statement of provisions of the Site Lease. For full details of the Site Lease, prospective purchasers of the Series of 1979 Bonds are referred to the complete text of the proposed form of Site Lease (Project Phase I) included in the Basic Legal Documents accompanying the distribution of this Official Statement.

Facility Lease (Project Phase I)

The Facility Lease (Project Phase I), herein referred to as the "Facility Lease," has been approved as to preliminary form by the Corporation. The Facility Lease will be dated March 1, 1979 and will be executed prior to the delivery of the Series of 1979 Bonds. The Corporation will lease to the District the Demised Premises and the Project Phase I facility to be constructed thereon pursuant to the provisions of the Facility Lease, selected provisions of which are described below.

Term. The term of the Facility Lease shall start on the date of its recordation in the office of the County Recorder of San Luis Obispo County, State of California, or on August 1, 1979, whichever is earlier. The term of the Facility Lease shall end on April 30, 2002 unless extended or earlier terminated. If prior to April 30, 2002 all of the Series of 1979 Bonds shall have been retired, the Facility Lease shall terminate ten days thereafter (the final maturity of the Series of 1979 Bonds is December 1, 2001). If on April 30, 2002 all of the Series of 1979 Bonds shall not have been retired, the term shall be extended until ten days after all Series of 1979 Bonds shall be fully paid, except that the term of the Facility Lease shall in no event be extended beyond May 1, 2007.

Construction of Facilities. The District has obtained competitive bids for the construction of the Project Phase I facility. Concurrent with the execution, delivery and recordation of the Facility Lease, the Corporation will enter into a contract with the lowest responsible bidder for construction of the Project Phase I facility in accordance with plans and specifications previously approved by the District and the Office of the State Architect.

Commencement of Rent. It is contemplated that the District will take possession of the Demised Premises and the Project Phase I facility on or before May 1, 1981 and the first semiannual payment of rent shall be due on May 15, 1981. The District may take possession of the Demised Premises and the Project Phase I facility or any part thereof prior to May 1, 1981 if substantially completed prior to that date. If for any reason the Corporation is not able to deliver possession of the Demised Premises and the Project Phase I facility or any part thereof, to the District by May 1, 1981, the Facility Lease shall not be void nor the Corporation be liable to the District for any resulting loss or damage; but the rent payable by the District shall be

abated with respect to the period between May 1, 1981 and the time when the Corporation delivers the facilities for possession, based on the proportion the construction cost of the incompleting portion or portions of the Project Phase I facility bears to the total construction cost of the Project Phase I facility.

Base Rent. For the use and occupancy of the Demised Premises and the Project Phase I facility, the District agrees to pay the Corporation a base rent, semiannually beginning on May 15, 1981 and each succeeding November 15 and May 15 up to and including November 15, 2001 unless the Facility Lease has been earlier terminated or extended, in which case payment of base rent will continue to the termination date of the Facility Lease. The base rent shall be in a specified amount sufficient to meet payments of interest and principal on the Corporation's Series of 1979 Bonds as they become due. The actual base rent obligation of the District will be determined upon the sale of the Series of 1979 Bonds.

Additional Rent. The District is also required to pay to the Corporation additional rent, in an amount not to exceed \$5,000 annually, to meet administrative costs of the Corporation attributable to Project Phase I and the Corporation's Series of 1979 Bonds.

District Provision of Rent. The District covenants to include all base rent and additional rent payments in its annual budget and to make the necessary annual appropriations for all such payments. The covenant on the part of the District hereunder shall be deemed to be and shall be construed to be duties imposed by law. The Corporation and the Trustee will be furnished copies of each proposed and final budget of the District within ten days after the filing or adoption thereof.

Abatement of Rent. Rent shall be abated proportionately during any period in which there is substantial interference with the District's use and occupancy of the Demised Premises and the Project Phase I facility due to damage or destruction. The abatement of District rent, until the substantial completion of repair or reconstruction work, shall be based on the proportion of initial costs of the unusable portion or portions of the Project Phase I facility, to the total initial cost of the Project Phase I facility. In the event of any such damage or destruction, the Facility Lease shall continue in full force and effect and the District waives any right to terminate the Facility Lease by virtue of any such damage or destruction.

Insurance. Except if such insurance is otherwise obtained by the Corporation or the construction contractor, the District is required to obtain and maintain throughout the term of the Facility Lease various insurance coverages including fire and extended coverage, earthquake (after completion of construction and if available at reasonable cost on the open market from reputable insurance companies), public liability and property damage, and rental interruption or use and occupancy insurance. The major features of these types and amounts of insurance coverages are discussed in this Official Statement in "The Bonds" section under the heading "The Indenture". Various insurance coverages are to be provided by the construction contractor during construction and are discussed in the section of this Official Statement entitled "The Project."

Maintenance, Utilities, Taxes and Assessments. The District shall be responsible for the maintenance and repair of the Demised Premises and Project Phase I while in possession, and shall pay or arrange for the payment of such costs, as well as utilities, and taxes and assessments throughout the term of the Facility Lease.

Eminent Domain Proceedings. In the event the Project Phase I facility is permanently taken under the power of eminent domain, the Facility Lease shall terminate. In the event less than all of the Project Phase I facility is taken under the power of eminent domain or if the Project Phase I facility is temporarily taken under such power, the Facility Lease shall continue in full force and there shall be a partial abatement of rent to be agreed upon by the District and the Corporation; however, in no event shall the rent payable by the District be less than the amount required for the retirement of the Series of 1979 Bonds and payment of interest thereon as such bonds and interest become due.

Option to Purchase. The District shall have the option to purchase the Corporation's interest in any part of the Project Phase I facility upon payment of an option price equal to the aggregate amount for the entire remaining term of the lease of the part of the total rent attributable to such part of the Project Phase I facility (determined by reference to the proportion which the construction cost of such part of the Project Phase I facility bears to the construction cost of all of the Project Phase I facility).

Default By District. Should the District default and fail to remedy any default, the Corporation has

the right to terminate the Facility Lease and re-enter the premises, or without terminating the Facility Lease, re-enter and relet the Project Phase I facility as the agent of and for the account of the District, but there shall be no acceleration of rent upon any default.

Termination and Disposition of Project. Upon termination of the Facility Lease, the Corporation agrees to surrender to the District the Demised Premises and title to permanent improvements thereon.

The foregoing summary discussion of selected features of the proposed form of Facility Lease is made subject to all of the provisions of the proposed form of Facility Lease (Project Phase I). This summary discussion does not purport to be a complete statement of said provisions and prospective purchasers of the Series of 1979 Bonds are referred to the complete text of the proposed form of Facility Lease (Project Phase I) which is included as part of the Basic Legal Documents accompanying the distribution of this Official Statement.

THE BONDS

Authority for Issuance

The \$6,345,000 principal amount of Paso Robles Joint Union High School District Educational Facilities Corporation Series of 1979 Bonds, herein referred to as the "Series of 1979 Bonds," are to be issued pursuant to the General Non-Profit Corporation Law of the State of California (Title 1, Division 2, Part 1 of the California Corporations Code) and a certain indenture dated March 1, 1979, herein referred to as "the Indenture," to be entered into between the Corporation and United California Bank, San Francisco, California, as Trustee. The Series of 1979 Bonds will be secured under provisions of the Indenture, a copy of the proposed form of which is included in the Basic Legal Documents which accompany the distribution of this Official Statement.

Table 1

**PASO ROBLES JOINT UNION
HIGH SCHOOL DISTRICT
EDUCATIONAL FACILITIES CORPORATION**

Series of 1979 Bonds

Principal Maturities

Maturity Date December 1	Principal Amount	Maturity Date December 1	Principal Amount
1981 ...	\$130,000	1992 ...	\$295,000
1982 ...	145,000	1993 ...	320,000
1983 ...	155,000	1994 ...	340,000
1984 ...	165,000	1995 ...	365,000
1985 ...	180,000	1996 ...	395,000
1986 ...	190,000	1997 ...	425,000
1987 ...	205,000	1998 ...	455,000
1988 ...	220,000	1999 ...	490,000
1989 ...	240,000	2000 ...	525,000
1990 ...	255,000	2001 ...	575,000
1991 ...	275,000		

Terms of Sale

Bids for the purchase of the \$6,345,000 principal amount of the Series of 1979 Bonds will be received by the Corporation at 10:00 A.M., Tuesday, February 27, 1979, at the Conference Room of Stone & Youngberg Municipal Financing Consultants, Inc., Suite 2750, One California Street, San Francisco, California. Details of the terms of sale are included in the Official Notice of Sale adopted by the Board of Directors of the Corporation on January 30, 1979.

Description of the Bonds

The Series of 1979 Bonds will be dated March 1, 1979 and will bear interest from their date, payable for the first nine months on December 1, 1979 and semiannually thereafter on each June 1 and December 1. The Series of 1979 Bonds will mature on December 1 in each of the years in the designated principal amounts as shown in Table 1.

Redemption Provisions

The Corporation shall have the right, on any date, to redeem the Series of 1979 Bonds, as a whole, or in part by lot within each maturity then outstanding so that the annual debt service for all years after such redemption shall be as nearly equal as practical, from proceeds of insurance paid for loss or substantial damage to the Project Phase I facility or proceeds of eminent domain proceedings. Redemption shall be at the principal amount and accrued interest thereon to the date fixed for redemption, without premium.

Series of 1979 Bonds maturing on or before December 1, 1994, an aggregate principal amount of \$3,115,000, shall not otherwise be subject to redemption prior to their respective maturity dates.

Series of 1979 Bonds due on or after December 1, 1995, an aggregate principal amount of \$3,230,000, shall also be subject to redemption prior to their respective stated maturities, at the option of the Corporation, from any source of available funds, on any interest payment date on or after December 1, 1989.

Such Series of 1979 Bonds are callable at the principal amount, plus accrued interest plus a premium equal to: (a) one-fourth of one percent of said principal amount, plus (b) an additional one-fourth of one percent of said principal amount for each year or fraction of a year from the redemption

date to the maturity date of the bonds. All or a part of such Series of 1979 Bonds may be so redeemed at any one time. If less than all of said bonds are so redeemed at any one time, such bonds shall be redeemed in inverse order of maturities and by lot within a maturity.

Trustee and Paying Agents

The United California Bank, San Francisco, California, has been appointed by the Corporation as Trustee. The Trustee will receive all of the bond proceeds and will disburse bond moneys in conformity with the Indenture. In addition to holding and administering the various funds of the Corporation, the Trustee will invest the funds held in trust and will be the recipient of the rental revenues of the Corporation relating to the Project Phase I. The Trustee will also act as Paying Agent of the Corporation, paying bond interest and principal. The Trustee will act as bond registrar and will authenticate all bonds.

Interest and principal are payable in lawful money of the United States of America at the principal office of the United California Bank in San Francisco, California, and in the case of coupon bonds, at the option of the holder at the principal office of Manufacturers Hanover Trust Company, in New York, New York, or at the office of The Northern Trust Company in Chicago, Illinois.

Form, Denomination, and Registration

The Series of 1979 Bonds will be issued as coupon bonds in the denomination of \$5,000, or as fully registered bonds in the denomination of \$5,000 or any multiple thereof so long as principal shall mature in only one year. Coupon bonds and fully registered bonds will be interchangeable at the office of the Trustee as provided for in the Indenture.

CUSIP Numbers

It is anticipated that CUSIP numbers will be printed on the Series of 1979 Bonds but neither failure to print such numbers on any Series of 1979 Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Series of 1979 Bonds in accordance with the terms of the purchase contract.

Litigation

There is no litigation pending concerning the validity of the Series of 1979 Bonds, and the Corporation will furnish to the successful bidder a no-litigation certificate certifying to the foregoing at the time of the delivery of the Series of 1979 Bonds.

The California system of levying property taxes and applying funds for public school purposes in effect at the time of the court ruling has been held unconstitutional under provisions of the California Constitution by a California Superior Court in the case entitled *Serrano v. Priest*.

The California Supreme Court in a decision dated December 30, 1976, affirmed the judgment of the Superior Court in that case. The Supreme Court decision requires that a new system for financing California primary and secondary schools must be implemented by September 3, 1980.

The Superior Court judgment as affirmed by the California Supreme Court contains a statement that the existing public school financing system shall continue to operate until an appropriate system, not in violation of the California Constitution, can be placed into effect.

Assembly Bill 65 was enacted by the California Legislature and was signed by the Governor in response to *Serrano v. Priest*. This bill was designed to place state school finance "substantially" in compliance with the *Serrano v. Priest* decision.

This legislation significantly increased the amount of state money supplied to public school districts having a low local property tax basis, and provided for some equalization of tax moneys by redistributing some tax revenues of school districts having a high per-pupil property tax basis to school districts having a low per-pupil property tax basis. The District's designation as a "basic aid district" resulted in its not being substantially affected by Assembly Bill 65. The legislation enacted in Assembly Bill 65 was in effect superceded by the legislation enacted following the approval of Proposition 13 (see the next section of this Official Statement below entitled "1978 Constitutional Amendment, Supreme Court Validation, and Implementing Legislation").

Assembly Bill 65 does not affect tax rate increases approved by voters of school districts for the long term leasing of public school buildings.

Litigation challenging the legislation contained in Assembly Bill 65 has been filed. It cannot be predicted whether such legislation will be determined to

be constitutional under the standard promulgated in *Serrano v. Priest*, or whether further challenges will be brought against the legislation enacted following the approval of Proposition 13.

Any further change resulting from *Serrano v. Priest* in the sources of funds, including property taxation, applied to the support of public schools, and any effect thereof on the moneys available to the District to pay rental under the Facility Lease which is the security on the Series of 1979 Bonds, are not determinable at this time. However, it is not believed that the result of such litigation will affect the validity of the Facility Lease during its term, even though the result of such further litigation or further legislation enacted in response thereto may affect the ability of the District to levy the voter-approved lease authorization tax.

1978 Constitutional Amendment, Supreme Court Validation, and Implementing Legislation

On June 6, 1978, California voters approved Proposition 13 (the Jarvis-Gann Constitutional Initiative) which added Article XIII A to the California Constitution and restricts the taxing powers of California public agencies. The text of Proposition 13, now Article XIII A of the California Constitution, as amended, is as follows:

"Section 1.

(a) The maximum amount of any ad valorem tax on real property shall not exceed One percent (1%) of the full cash value of such property. The one percent (1%) tax is to be collected by the counties and apportioned according to law to the districts within the counties.

(b) The limitation provided for in subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any indebtedness approved by the voters prior to the time this section becomes effective.

Section 2.

(a) The full cash value means the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value" or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment. All real property not already assessed up to the

1975-76 full cash value may be reassessed to reflect that valuation. For purposes of this section, the term "newly constructed" shall not include real property which is reconstructed after a disaster, as declared by the Governor, where the fair market value of such real property, as reconstructed, is comparable to its fair market value prior to the disaster.

(b) The full cash value base may reflect from year to year the inflationary rate not to exceed 2 percent for any given year or reduction as shown in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced to reflect substantial damage, destruction or other factors causing a decline in value.

Section 3.

From and after the effective date of this article, any changes in State taxes enacted for the purpose of increasing revenues collected pursuant thereto whether by increased rates or changes in methods of computation must be imposed by an Act passed by not less than two-thirds of all members elected to each of the two houses of the Legislature, except that no new ad valorem taxes on real property, or sales or transaction taxes on the sales of real property may be imposed.

Section 4.

Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district, may impose special taxes on such district, except ad valorem taxes on real property or a transaction tax or sales tax on the sale of real property within such City, County or special district.

Section 5.

This article shall take effect for the tax year beginning on July 1 following the passage of this Amendment, except Section 3 which shall become effective upon the passage of this article.

Section 6.

If any section, part, clause or phrase hereof is for any reason held to be invalid or unconstitutional, the remaining sections shall not be affected but will remain in full force and effect."

Supreme Court Validation. On September 22, 1978, the California Supreme Court upheld the validity of Article XIII A against a number of challenges which attacked Proposition 13 as a whole (*Amador Valley Joint Union High School District v. State Board of Equalization*). The Court found

that it was premature to rule on the claim that Article XIII A impermissibly interfered with contracts in violation of the U.S. Constitution, stating that such a challenge must come when a specific contract or obligation is impaired. In addition, the Court left open for future decision many other questions regarding the detailed interpretation and implementation of Article XIII A.

Section 2 of Article XIII A defines "full cash value" as "the county assessor's valuation of real property as shown on the 1975-76 tax bill, under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment". Additionally, Section 2 of Article XIII A provides that all real property not already assessed up to the 1975/76 tax levels may be reassessed to reflect that valuation, and the full cash value may be increased annually to reflect inflation at a rate not to exceed two percent (2%) per year, or reduction as shown in the consumer price index or comparable data for the area under taxing jurisdiction.

There is pending litigation in several California counties, but not in San Luis Obispo County, challenging the procedures by which certain County Assessors have retroactively revised the 1975/76 real property appraisals to a level equivalent to full cash value as of March 1, 1975. Such a reappraisal has not been done in San Luis Obispo County, and it is not anticipated that such cases will affect the District.

Implementing Legislation. Section 1 of Article XIII A limits the maximum ad valorem tax on real property to one percent (1%) of full cash value (as defined in Section 2 of Article XIII A), to be collected by the counties and apportioned according to law. Excluded from this limit is an amount of taxes or special assessments to pay interest and redemption charges on any indebtedness approved by the voters prior to July 1, 1978.

Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that notwithstanding any other law, local agencies may not levy any property tax except to pay debt service on indebtedness approved by voters prior to July 1, 1978, and that each county will levy the maximum tax permitted by Article XIII A of \$4.00 per \$100 assessed valuation (based on the prior practice of using 25 percent of full cash value as the assessed value for tax purposes).

Chapter 292, as amended, added Section 2237 to the Revenue and Taxation Code. Section 2237, interpreting what constitutes "indebtedness approved by the voters prior to" July 1, 1978 under Section 1 of Article XIII A, provides that, in addition to the tax of \$4.00 per \$100 assessed valuation which each county shall levy and distribute to local agencies, any school district (among other eligible local agencies) may levy a property tax equal to "the amount needed to make annual payments for the interest and principal on general obligation bonds or other indebtedness approved by the voters prior to July 1, 1978 or the amount levied pursuant to . . . Sections 39308 [and] 39311 . . . of the Education Code."

Pursuant to this implementing legislation, the San Luis Obispo County Tax Collector included the voter approved lease authorization tax at the rate of \$0.72 per \$100 assessed valuation on 1978/79 tax bills in the District's tax area. There has been no court test of the validity of Section 2237 as it interprets Section 1 of Article XIII A, and until there is a court decision upholding Section 2237, there is no assurance that the District will be able to continue to collect the lease authorization tax levy. If Section 2237 were to be struck down in this respect, the District cannot predict whether it could collect part or all of the lease authorization tax levy on the ground that Article XIII A unconstitutionally impairs a contract of the District. As noted above, the California Supreme Court did not rule on similar claims in the *Amador Valley* case.

Chapter 292 further provides that for fiscal year 1978/79 only, the property tax levied by each county (\$4.00 per \$100 assessed valuation) is to be apportioned among all taxing agencies within the county in proportion to their average share of property taxes levied in certain previous years. The District estimates that it will receive \$1,325,956 as its share of this apportionment in 1978/79, including State payment for property taxes lost through reimbursable exemptions.

The apportionment of property taxes in fiscal years subsequent to 1978/79 will depend on further action of the Legislature. Section 4 of Article XIII A effectively prohibits the levying of any other ad valorem property tax above the limits set forth in Section 1, even with the approval of the affected voters.

Chapter 292 also contained provisions appropriating a large part of the State's accumulated surplus revenues to be distributed among the State's local government units to replace lost property tax rev-

enues in the 1978/79 fiscal year. The District estimates that it will receive \$753,978 as its share of this allocation.

Total current revenues budgeted by the District in 1978/79 (\$2,398,176 per Table 13 on page 27) are slightly in excess of the total current revenues received by the District in 1977/78 (\$2,293,957 per Table 12 on page 26).

In January 1979 the Governor of California submitted his 1979/80 proposed State budget to the Legislature. The State Department of Finance advises that the proposed 1979/80 State budget provides \$2,072,000,000 of State general funds for distribution to school districts to replace lost property tax revenue, or the same amount that is being provided by the State in 1978/79. The proposed 1979/80 State budget also provides \$2,985,400,000 for other State support of schools. The amount of other State support of schools provided in 1978/79 is \$2,867,000,000.

The Governor's 1979/80 proposed State budget further proposes that the allocation formulas for the distribution of 1979/80 property taxes to be levied by the counties be the same as in 1978/79.

The State Department of Finance further advises that it estimates 1979/80 assessed valuation on a statewide basis at a level approximately 10 percent above those of 1978/79.

The District cannot at this time estimate the amounts of State funds and local property tax revenues that it may receive in 1979/80 and subsequent fiscal years. There is also no assurance that the aforementioned State surplus revenues will continue to exist, or that they will be allocated to local governments in fiscal years after 1978/79.

Passage of Proposition 8 on the November 7, 1978, ballot amends Section 2 of Article XIII A of the California Constitution to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, and to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster. Proposition 8 is not expected to have a significant impact on the District's tax base, unless there is a major natural disaster in the District.

Legal Opinion

The legal opinion of Orrick, Herrington, Rowley & Sutcliffe, San Francisco, California, bond counsel

to the Corporation, approving the validity of the Series of 1979 Bonds, will be furnished to the purchasers without charge at the time of the original delivery of the Series of 1979 Bonds, and is included in proposed form as Appendix A to this Official Statement. A copy of the legal opinion will be printed on each bond. See the concluding paragraph of the "To Whom It May Concern" section of this Official Statement regarding the scope of bond counsel's employment concerning this Official Statement.

Bond counsel's fee is payable from the proceeds of the bonds and is contingent upon bond delivery, except if the bonds are not issued and the project is abandoned, bond counsel will receive a fee based upon the amount of work performed to said time of abandonment.

Tax Exempt Status

In the opinion of bond counsel, the interest on the bonds will be exempt from all present Federal income taxes under existing statutes, regulations, and court decisions, and the bonds will be exempt from all present taxation in California other than inheritance, estate, gift and franchise taxes.

Eligibility for Deposits of Public Moneys

The Series of 1979 Bonds are eligible for security for deposits of public moneys in California.

Eligibility for National Banks

A request is being made to the Comptroller of the Currency for a ruling that the Series of 1979 Bonds of the Corporation are eligible for purchase, dealing in, underwriting and unlimited holding by national banks. The ruling is expected prior to the date of sale of the Series of 1979 Bonds.

Sale of Bonds in California

The Division of Corporation Finance of the United States Securities and Exchange Commission has issued a "no-action" letter to the Corporation stating that the Division of Corporation Finance will not recommend any action to the Securities and Exchange Commission if the proposed bond offering is made without prior compliance with the registration requirements of the Securities Act of 1933 or qualification of the Indenture under which the Series of 1979 Bonds are to be issued under the Trust Inden-

ture Act of 1939. The Commissioner of Corporations of the State of California has issued an interpretive opinion stating that the Series of 1979 Bonds are exempt from the qualification requirement of Section 25110 of the California Corporate Securities Law of 1968. The Series of 1979 Bonds are being offered and sold without registration under the Securities Act of 1933 or qualification of the Indenture under the Trust Indenture Act of 1939, and without qualification under the California Corporate Securities Law of 1968, in reliance upon such "no-action" letter and such interpretive opinion.

Resale of Bonds in Other States

The Corporation will furnish to prospective purchasers an information memorandum covering applicability of blue-sky laws in: (1) all states; (2) the District of Columbia; and (3) Puerto Rico. The memorandum will indicate states in which no action is believed necessary to qualify the Series of 1979 Bonds for offer and sale, states in which the Corporation is taking action to qualify the Series of 1979 Bonds for offer and sale or to obtain exemptions, and states in which additional action is believed necessary to qualify the Series of 1979 Bonds for offer and sale (Florida, Ohio, Vermont, New Hampshire, and Rhode Island). The purchaser will assume responsibility for any required permits and/or filing fees in states in which additional action is believed necessary, and for complying with the laws of all jurisdictions on resale of the Series of 1979 Bonds, and shall indemnify and hold harmless the Corporation and its officers and directors from any loss or damage resulting from any failure to comply with any such law.

Purpose of Issue

The Series of 1979 Bonds are to be issued by the Corporation to finance the construction of a fully furnished, equipped, and landscaped new high school (herein called "Project Phase I") for lease by the Corporation to the Paso Robles Joint Union High School District, San Luis Obispo and Monterey Counties, California, as more fully described in the section of this Official Statement entitled "The Project".

Additional Series of Bonds

The Corporation does not, at this time, plan to issue any series of bonds beyond the Series of 1979 Bonds. However, the District desires to complete the

new high school by adding additional facilities which are not being constructed at this time, and the District may request the Corporation to issue an additional series of bonds to finance this construction. Additional parity bonds may be issued under the Indenture and would be equally and ratably secured under the Indenture with the Series of 1979 Bonds. Such additional bonds could only be issued to finance public school facilities for lease to the District.

Security

The Series of 1979 Bonds will be valid, binding, and legal obligations of the Corporation secured under the Indenture by the assignment, transfer in trust, transfer of security interest in, and pledge of the trust estate, including the following, to the United California Bank, San Francisco, California, as Trustee:

(1) The leasehold estate of the Corporation in real property under the Site Lease (Project Phase I) between the District, as lessor, and the Corporation, as lessee;

(2) All rights, title, and interest of the Corporation under the Facility Lease (Project Phase I) between the Corporation, as lessor, and the District, as lessee; and

(3) All of the revenues derived by the Corporation from the use and operation of the Project Phase I to be acquired and constructed pursuant to the Site and Facility Leases.

Bond principal and interest coming due each year will be payable from semiannual base rental payments to be made by the District for use of the facilities financed by the Corporation. The District's base rental specified in the Facility Lease will be in an amount sufficient to pay principal and interest on the Series of 1979 Bonds. Based on the maximum permitted interest rate of 7.5 percent that may be bid on the Series of 1979 Bonds, the District's annual base rental would be \$609,536. The exact amount of the semiannual base rental payment payable by the District will be established subsequent to the determination of the interest rates the Series of 1979 Bonds will bear.

Under provisions of the Facility Lease, the District will also be obligated to pay to the Corporation additional rental, not to exceed \$5,000 annually, to meet administrative costs of the Corporation attributable to the Series of 1979 Bonds.

Authorized District Tax Rate Increase. At an election held on May 31, 1977, voters of the District approved an increase of \$0.72 per \$100 assessed valuation in the District's maximum annual tax rate, over the period 1977/78 to 2001/02, for Project Phase I purposes. The voter approved \$0.72 per \$100 assessed valuation tax for Project Phase I purposes was levied in 1977/78.

Pursuant to Statutes of 1978, Chapter 292, as amended (see the subsection of this Official Statement entitled "Implementing Legislation" under the section entitled "1978 Constitutional Amendment, Supreme Court Validation, and Implementing Legislation" beginning on page 9) the voter approved \$0.72 per \$100 assessed valuation tax for Project Phase I purposes was levied in 1978/79. The District further anticipates that it will levy the voter approved \$0.72 per \$100 assessed valuation tax for Project Phase I purposes in 1979/80.

The District's Business Manager estimates that proceeds from the Project Phase I tax levies over the period 1977/78 through 1978/79 will approximate \$1,052,000. In addition, the District will receive \$1,088,334 from the sale of a portion of the site and the main building and science building of the existing Paso Robles High School to the Paso Robles Union School District. These monies estimated in the aggregate at \$2,140,334, will be applied, along with proceeds from the sale of the \$6,345,000 Series of 1979 Bonds to pay estimated costs of Project Phase I as discussed in "The Project" section of this Official Statement.

Estimated Rental. The District's estimated maximum annual rental payable to the Corporation in semi-annual installments beginning May 15, 1981 is \$614,536 (base rental at \$609,536 plus additional rental not to exceed \$5,000 annually). The maximum base rental estimate (\$609,536) assumes that the maximum permitted interest rate of 7.5 percent will be bid on the Series of 1979 Bonds.

Estimated Tax Rate For Rental Obligations. Pursuant to the Facility Lease (Project Phase I), the District will covenant to budget annually funds required for the payment of rental to the Corporation.

The principal source of District funds to pay rental to the Corporation is expected to be the voter approved tax for Project Phase I purposes (maximum of \$0.72 per \$100 assessed valuation). In Statutes of 1978, chapter 292, as amended by chapter 332, the California Legislature has adopted legislation which interprets and implements the

recently enacted Article XIII A of the California Constitution (commonly called Proposition 13) so as to permit the District to continue to collect the voter approved lease authorization tax levy over and above the limits on ad valorem property tax rates set in Article XIII A. There has been no court test of the validity of this Legislative interpretation, and until such a test is made, there is no assurance that the District will be able to continue to collect the voter approved lease authorization tax levy. See the section of this Official Statement entitled "1978 Constitutional Amendment, Supreme Court Validation, and Implementing Legislation", beginning on page 8.

The District's estimated maximum annual rental payable to the Corporation in semi-annual installments, beginning May 15, 1981, is \$614,536, assuming the maximum permitted interest rate of 7.5 percent is bid on the \$6,345,000 Series of 1979 Bonds currently being offered for sale. To meet its initial—and subsequent—annual rental obligations, the District expects to levy the voter approved lease authorization tax, at a rate not to exceed \$0.72 per \$100 assessed valuation, beginning in 1980/81.

The District's 1978/79 assessed valuation is \$86,738,429. In addition, the District has been advised by the City of Paso Robles that the valuation of building permits issued for new construction within the City over the period March 1, 1978 through December 31, 1978 totaled \$12,595,795. Comparable data on the valuation of building permits issued for new construction within the District outside of the City of Paso Robles is not available as of the date of this Official Statement.

On the basis of the foregoing information, the District's staff estimates that the District's 1980/81 assessed valuation will approximate \$93,455,000 as shown in the tabulation on page 13. This estimate is based on the assumptions that: (1) the District's 1978/79 assessed valuation base will be increased at the rate of two percent per year to compensate for continued inflation as permitted under Section 2(b) of Article XIII A of the California Constitution; (2) the valuation of new construction within the City of Paso Robles from March 1, 1978 through December 31, 1978 will add in 1979/80 approximately \$3,149,000 of assessed valuation to the District's present assessed valuation; and (3) no major natural disasters will occur in the District which would cause a significant reduction in values of property damaged or destroyed in a disaster.

**PASO ROBLES JOINT UNION
HIGH SCHOOL DISTRICT
Projected Assessed Valuations**

	1979/80	1980/81
1978/79 Assessed		
Valuation Base		
(\$86,738,429)	\$88,473,000 ^①	\$90,243,000 ^①
Assessed Valuation of		
new construction . .	3,149,000 ^②	3,212,000 ^③
Total	\$91,622,000	\$93,455,000

① Assumes an annual increase of 2 percent over 1978/79 assessed valuation base to compensate for continued inflation as permitted under Section 2(b) of Article XIII A of the California Constitution.

② Valuation of building permits issued in the City of Paso Robles over the period March 1, 1978 through December 31, 1978 (\$12,595,795) @ 25 percent of full cash value.

③ Assumes an increase of 2 percent over 1979/80 to compensate for continued inflation as permitted under Section 2(b) of Article XIII A of the California Constitution.

Based on the District's estimated 1980/81 assessed valuation (\$93,455,000), and allowing for a 5 percent current tax collection delinquency ratio (over the past five years the District's current tax collection delinquency ratio averaged 4.81 percent), the voter approved lease authorization tax rate of \$.072 per \$100 assessed valuation would provide coverage of 1.04 times estimated maximum annual rental payable to the Corporation in semi-annual installments beginning on May 15, 1981. The 1.04 coverage estimate would increase to the extent that: (1) the \$6,345,000 of Series of 1979 Bonds were sold at an interest rate less than the permitted maximum of 7.5 percent; (2) the District's estimate of 1980/81 assessed valuation increased additionally due to (a) new construction undertaken within the District over the period January 1, 1979 through March 1, 1980, and (b) changes in the ownership of properties presently assessed at 1975/76 tax roll levels.

General Fund revenues of the District, at the discretion of the Board of Trustees, may be used to pay rental. The ending General Fund balance of the District as of June 30, 1978 was \$168,735. It is anticipated that in future years, General Fund revenues that may be available to pay rental will be sub-

stantially lower due to the revenue limiting features of Article XIII A of the California Constitution.

The facility lease rental will constitute the only source of funds available for the payment of debt service of the Bonds, and such rentals are payable only from funds of the District legally available therefor. Remedies provided in said Lease for default by the District do not include acceleration of rent.

The Indenture

The following summary of major provisions of the Indenture under which the Series of 1979 Bonds will be issued is presented below. The summary does not provide a complete and detailed description of all provisions of the Indenture and prospective purchasers of the Series of 1979 Bonds are referred to the proposed form of Indenture contained in the Basic Legal Documents accompanying the distribution of this Official Statement.

The Trustee. United California Bank, San Francisco, California, will be appointed by the Corporation as Trustee. The Trustee will receive all of the bond proceeds and revenues of the Corporation for disbursement in conformity with the Indenture. In addition to administering the various funds of the Corporation, the Trustee will invest all funds held in trust, act as paying agent for the Corporation's Bonds and act as bond registrar.

Creation of Special Funds. The Indenture provides for the establishment of special trust funds, all to be held and administered by the Trustee. The funds applicable to the Series of 1979 Bonds and any additional series of bonds together with their sources and uses are summarized in the tabulation on page 14. Moneys held in the various funds may be invested by the Trustee under the provisions of Section 4.04 of the Indenture.

Disposition of Bond Proceeds. Section 3.02 of the Indenture provides that the proceeds from the sale of the Series of 1979 Bonds shall be deposited with the Trustee. The Trustee will then make the following deposits:

(1) *Interest Fund.* An amount sufficient to pay the interest accruing on the Series of 1979 Bonds on and before December 1, 1980.

(2) *Corporate Operation Fund.* The sum of \$10,000 as working capital to pay Corporation administrative expenses, Trustee's fees, or other necessary administrative expenses.

TRUST FUNDS

Fund	Principal Source	Use
Construction Fund (Section 3.03)	Bond Proceeds	Construction, and incidental expenses of bond issuance and delivery.
Revenue Fund (Section 4.01)	District Base Rental Payments	Transfers to Interest Fund; Principal Fund; Operation and Maintenance Fund, if needed; Reserve Fund, if needed; and Corporate Operation Fund, if needed.
Interest Fund (Section 4.02(a))	Transfers from Revenue Fund	Bond interest payments.
Principal Fund (Section 4.02(b))	Transfers from Revenue Fund	Bond principal payments.
Principal Fund: Sinking Fund Accounts, if any (Section 4.02(b))	Transfers from Revenue Fund	Redemption of term Bonds, if any, at or prior to maturity.
Operation and Maintenance Fund (Section 4.02(c))	Transfers from Revenue Fund	To meet costs of operation and maintenance if at any time the Corporation shall operate and maintain the Project.
Reserve Fund (Section 4.02(d))	Bond Proceeds and, if depleted, Revenue Fund	Bond principal and interest; payment of final maturities; payment for Project repairs or replacement.
Corporate Operation Fund (Section 4.03) . .	Bond Proceeds, District Additional Rental Payments, and transfers from Reserve Fund earnings, if needed	Corporate operating expenses.

(3) *Reserve Fund.* A sum equal to one-half maximum annual debt service on the Series of 1979 Bonds.

(4) *Construction Fund.* The balance of proceeds from the sale of Series of 1979 Bonds shall be deposited in the Project Construction Account in the Construction Fund and applied to the payment of costs of Project Phase I.

When Project Phase I has been completed, a certificate of the Corporation stating the fact and date of such completion, together with an Architect's certificate stating the fact and date of such completion, shall be delivered to the Trustee by the Corporation. With the receipt of these certifications the Trustee shall transfer any remaining balance not needed for Project Phase I purposes to the Revenue Fund or to any other Project Construction Account.

Revenue Fund. All base rental revenue shall be paid to the Trustee and deposited by the Trustee

to the credit of the Revenue Fund. Moneys in the Revenue Fund, unless needed to be held for later debt service, shall be disbursed, applied, or set aside by the Trustee in the following order of priority:

(1) *Interest Fund.* On or before May 31, 1981, and on or before each succeeding May 31 and November 30, an amount equal to the aggregate half-yearly amount of interest becoming due and payable on the outstanding Bonds on the next succeeding interest payment date, less any available balances in said fund.

(2) *Principal Fund.* On or before each May 31, commencing on or before May 31, 1981, an amount at least equal to one-half of the Bond principal payable on the next succeeding December 1, and on or before each November 30, commencing on or before November 30, 1981, an amount which, along with any balance on deposit, shall be at least equal to the principal on the next succeeding December 1.

(3) *Operation and Maintenance Fund.* If the Corporation shall at any time operate the Project, on or before each February 28 and each August 31 the Trustee shall deposit an amount needed to provide for payment of all costs of operation and maintenance during the next six months.

(4) *Reserve Fund.* A Reserve Fund equal to one-half maximum annual bond service will be created from the proceeds of the Series of 1979 Bonds and be held by the Trustee. Moneys in this Fund shall be used to pay bond principal and interest in the event no other funds are available, and moneys in this Fund in excess of one-fourth of maximum annual debt service may be used for the repair, reconstruction, or replacement of any damaged or destroyed portion of the Project or for the loss of rental income not insured against because of the thirty-day deductible amount. Balances in this Fund exceeding one-half maximum annual debt service on outstanding bonds shall be used to the extent needed to increase the balance in the Corporate Operation Fund to the amount required to be on deposit in said Fund and any remaining excess amounts shall be paid to the District.

Moneys in the Revenue Fund, Reserve Fund, Principal Fund, and Interest Fund may be used by the Trustee to reimburse the District for any rental payable under any Facility Lease for a period during which rental is abated and for which no other moneys (including proceeds of the rental interruption or use and occupancy insurance) are available.

Corporate Operation Fund. The Trustee shall deposit in the Corporate Operation Fund from time to time all amounts received in the form of additional rental sufficient to maintain a balance of \$10,000, said moneys to be used to pay all administrative costs of the Corporation.

Investment of Funds. Any moneys in any of the funds may be invested in time deposits including certificates of deposits of banks or savings and loan institutions or in Federal securities, subject to limitations as set forth in the Indenture.

Moneys in the Interest Fund and in the Principal Fund may be invested in obligations which will, as nearly as practicable, mature on or before the respective semiannual interest payment dates or annual Bond maturity dates.

Moneys in the Construction Fund and the Corporate Operation Fund may be invested in obligations which will mature within one year from the

date of investment. One-half of the moneys in the Reserve Fund may be invested in obligations which will mature within five years from the date of investment and one-half in obligations which will mature within ten years from the date of investment. Moneys in the Revenue Fund and in the Operation and Maintenance Fund may be invested in obligations which will mature so as to be available when needed.

All interest earned on any such investment shall become part of the fund on which earned, except that such interest earnings received or accrued on Interest Fund and Reserve Fund moneys during construction of any phase of the Project shall be transferred to the appropriate Project Construction Account.

Additional Series of Bonds. The Corporation does not plan, at this time, to issue any series of bonds beyond the Series of 1979 Bonds; however the District desires to complete the new high school by adding additional facilities which are not being constructed at this time, and may request the Corporation to issue an additional series of bonds to finance this construction. Section 3.04 of the Indenture permits the issuance of one or more additional series of parity bonds by supplemental indenture(s) subject to, among other things, the following conditions:

- (1) The Corporation shall not be in default under provisions of the Indenture;

- (2) The supplemental indenture shall require that the additional series of bonds will be issued for the purposes of acquiring or constructing additional public school facilities for the District, or the making of additions, improvements, or extensions to the Project;

- (3) The additional series of bonds shall have no priority over the Series of 1979 Bonds;

- (4) The Corporation must enter into a new or amended Facility Lease with the District in which the District obligates itself to increase the base rental under all Facility Leases in amounts sufficient to provide for the payment of the principal of and interest on the additional series of bonds when due;

- (5) Provision must be made to increase the Reserve Fund to an amount equal to at least one-half maximum annual bond service on all series of bonds to be outstanding thereafter.

Additional series of parity bonds may also be issued with the consent of the holders of 60 percent of outstanding bonds.

Title Insurance. A policy of title insurance insuring either the leasehold interest title of the Corporation in the real property described in the Site Lease or the title of the District in such real property will be provided at or prior to delivery of the Series of 1979 Bonds. Said policy will be enforceable for the benefit of the bondholders in the principal amount of the Series of 1979 Bonds.

Fire and Extended Coverage Insurance. While any of the Bonds are outstanding, the Corporation shall cause to be maintained insurance against loss or damage to any structures constituting part of the Project by fire and lightning with extended coverage and vandalism and malicious mischief insurance. Such insurance shall either (1) be in an amount equal to the replacement cost of the structures subject to deductible clauses for any one loss not to exceed the lesser of \$50,000 or the excess of the available moneys in the Reserve Fund above one-fourth of maximum annual debt service, or (2) be in an amount and in form sufficient to enable the Corporation (together with moneys in the Reserve Fund) either to retire all Bonds then outstanding or to restore the structures to the condition existing before such loss.

Earthquake Insurance. Upon completion of any part of the Project, the Corporation shall cause to be maintained earthquake insurance in an amount equal to the replacement cost of structures, provided coverage is available at reasonable cost on the open market from reputable insurance companies. Such insurance may be subject to a deductible clause of not to exceed 10% of said replacement cost for any one loss. The contractor will provide the insurance with a 3% deductible during the course of construction. Alternatively, the Corporation may provide earthquake insurance in an amount and form sufficient to enable the Corporation either to retire all bonds then outstanding or to restore the structures to the condition existing before such loss.

Use and Occupancy Insurance. While any of the Bonds are outstanding, the Corporation shall cause to be maintained use and occupancy or rental interruption insurance to cover total or partial loss of rental income from any structure constituting the Project facilities resulting from damages discussed in the "Fire and Extended Coverage Insurance" and "Earthquake Insurance" paragraphs above in an amount sufficient to pay the total rental due for the period of time allowed for the construction of the structures by the construction contractor plus

three months subject to a deductible clause of not to exceed the lesser of thirty days or the excess of the available moneys in the Reserve Fund above one-fourth of maximum annual debt service, except that such insurance need be maintained as to the peril of earthquake only following completion of construction and only if available at reasonable cost on the open market from reputable insurance companies.

Public Liability Insurance. Except as provided below, while any of the Bonds are outstanding the Corporation shall cause to be maintained public liability insurance. Minimum liability limits for such insurance are \$1,000,000 for personal injury or death of one person; \$3,000,000 for personal injury or death of two or more persons in each event; and \$200,000 subject to a deductible clause not to exceed \$5,000, for property damage for any one accident. Such public liability and property damage insurance may however be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks.

The Corporation shall have the right to provide other kinds of insurance or methods or plans of protection against risk or loss which shall be in substitution for the public liability insurance otherwise required to be maintained by the Corporation, providing such other kinds of insurance, plans or methods shall afford reasonable protection to the Corporation, its members, directors, officers, agents and employees and the Trustee giving consideration to cost, availability and plans or methods of protection adopted by California school districts other than the District.

Eminent Domain. If all or any part of the trust estate shall be taken by eminent domain proceedings, or sold under threat thereof, the proceeds therefrom shall be deposited with the Trustee and applied and disbursed as follows: (a) to be treated as revenues of the Project if the Project's operation has not been materially affected or the Corporation's ability to meet its obligations has not been impaired; or the proceeds shall be used if needed for repair or rehabilitation of the Project; (b) to be used to redeem Bonds if less than all of the Project shall have been taken by eminent domain and if the Project's operation has been materially affected, or the Corporation's ability to meet its obligations has been impaired; and (c) if all of the Project shall have been taken by eminent domain, the proceeds therefrom and any other available monies shall be

used to redeem Bonds. If said monies are insufficient the Trustee shall first apply the proceeds to meet the Trustee's costs of administration of its trusts under the Indenture and then to payment of principal and interest on the Bonds then outstanding, in full or ratably without preference or priority.

Non-Liability of Individuals. No recourse shall be had for the payment of the principal of or the interest on the Bonds or for any claim based thereon or otherwise in respect thereof, or based on or in respect of the Indenture or any indenture supplemental thereto, against any incorporator, member, director or officer, as such, past, present or future, of the Corporation or of any predecessor or successor corporation, either directly or through the Corporation or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being by the acceptance of the Bonds and as part of the consideration for the issue thereof expressly waived and released, as provided in the Indenture.

Additional Covenants. The Indenture contains other covenants, including but not limited to the following whereby the Corporation agrees to:

- (1) Punctually pay the principal and interest on the Bonds as they become due;
- (2) Promptly collect all rents and charges due for the occupancy or use of the Project and to enforce its rights against any tenant who does not pay such rents and charges as they become due;
- (3) Maintain, or cause to be maintained, proper books of record and account;
- (4) Maintain, or cause to be maintained, in good condition and repair the Project facilities;
- (5) Construct and complete Project Phase I in conformity with the construction contract (under the construction contract 100% performance bonds and 100% labor and materialmen's bonds will be required of the contractor);
- (6) Pay, discharge, or contest any taxes, assessments, or other charges upon the Project or the revenues.

Remedies of Default: In the event of default, the Trustee may, and upon the written request of holders of not less than 25 percent of the principal amount of Bonds outstanding, shall, by notice in writing to the Corporation, declare and cause the

principal of all of the outstanding Bonds and the interest accrued thereon to be due and payable immediately.

Events of default by the Corporation are defined by the Indenture to include:

1. Failure to pay principal, interest or redemption premium on Bonds when due.
2. Failure to perform or observe covenants, agreements, or conditions in the Indenture or in the Bonds for the specific period of time after notice thereof is given to the Corporation.
3. Termination of the corporate existence of the Corporation.
4. Admission by the Corporation that it is unable to pay its debts, or the filing of any proceedings of bankruptcy by or against the Corporation.
5. If under the provisions of any bankruptcy law, a court appoints a receiver or assumes custody or control of the Corporation or a substantial part of its property, or approves a petition seeking reorganization of the Corporation, failure of the Corporation to terminate or stay such order, judgment or decree, or custody or control within sixty days.

If one or more events of default continue, the Trustee may, in its discretion, and upon the written request of the holders of not less than a majority of the principal amount of Bonds outstanding, and upon being indemnified to its satisfaction, shall proceed with any of the following remedies: enter and take possession of the trust estate, institute legal proceedings by a suit in equity or action at law, or sell the trust estate. The holders of a majority of the bonds outstanding have the right to direct the time, method, and place of conducting any remedy, or to exercise any trust or power conferred upon the Trustee under the Indenture.

For a more complete discussion of bondholder and trustee powers in the event of default, reference is made to the Indenture.

Estimated Annual Bond Service

Table 2 on page 18 shows estimated maximum annual bond service on the Corporation's Series of 1979 Bonds based on the maximum interest rate of 7.5 percent that may be bid on the Series of 1979 Bonds.

Table 2

PASO ROBLES JOINT UNION HIGH SCHOOL DISTRICT

EDUCATIONAL FACILITIES CORPORATION

\$6,345,000 Principal Amount Series of 1979 Bonds

Estimated Maximum Annual Bond Service

Year Ending December 1	Principal Amount Outstanding	Interest @ 7.5 Percent Payable		Principal Payable December 1	Estimated Maximum Annual Bond Service
		June 1	December 1		
1979	\$6,345,000	\$ —	\$ 356,906.25 ^①	\$ —	\$ 356,906.25 ^①
1980	6,345,000	237,937.50 ^①	237,937.50 ^①	—	475,875.00 ^①
1981	6,345,000	237,937.50	237,937.50	130,000	605,875.00
1982	6,215,000	233,062.50	233,062.50	145,000	611,125.00
1983	6,070,000	227,625.00	227,625.00	155,000	610,250.00
1984	5,915,000	221,812.50	221,812.50	165,000	608,625.00
1985	5,750,000	215,625.00	215,625.00	180,000	611,250.00
1986	5,570,000	208,875.00	208,875.00	190,000	607,750.00
1987	5,380,000	201,750.00	201,750.00	205,000	608,500.00
1988	5,175,000	194,062.50	194,062.50	220,000	608,125.00
1989	4,955,000	185,812.50	185,812.50	240,000	611,625.00
1990	4,715,000	176,812.50	176,812.50	255,000	608,625.00
1991	4,460,000	167,250.00	167,250.00	275,000	609,500.00
1992	4,185,000	156,937.50	156,937.50	295,000	608,875.00
1993	3,890,000	145,875.00	145,875.00	320,000	611,750.00
1994	3,570,000	133,875.00	133,875.00	340,000	607,750.00
1995	3,230,000	121,125.00	121,125.00	365,000 ^②	607,250.00
1996	2,865,000	107,437.50	107,437.50	395,000 ^②	609,875.00
1997	2,470,000	92,625.00	92,625.00	425,000 ^②	610,250.00
1998	2,045,000	76,687.50	76,687.50	455,000 ^②	608,375.00
1999	1,590,000	59,625.00	59,625.00	490,000 ^②	609,250.00
2000	1,100,000	41,250.00	41,250.00	525,000 ^②	607,500.00
2001	575,000	21,562.50	21,562.50	575,000 ^②	618,125.00
Totals		\$3,465,562.50	\$3,822,468.75	\$6,345,000	\$13,633,031.25

① Interest funded with bond proceeds.

② Callable from any source of funds on or after December 1, 1989.

THE PROJECT

Project Phase I Facility

Proceeds from the sale of the \$6,345,000 Series of 1979 Bonds currently being offered for sale will be used to construct a new high school, herein called the "Project Phase I", on a District-owned site.

Project Phase I Implementation

On May 31, 1977 voters of the District approved by majority vote an increase of \$0.72 per \$100 of assessed valuation in the District's maximum tax rate for the years 1977/78 to 2001/02 to prepare plans and specifications, and lease Project Phase I facilities to be constructed for use by the District.

Plans and specifications for Project Phase I facilities, prepared by Arendt/Mosher/Grant/Pedersen/Phillips, Architects, Santa Barbara, California have been approved by the Office of State Architect as conforming to fire, safety, and earthquake safety standards.

The governing board of the District has determined that the Project Phase I facilities will not have a significant effect on the environment and qualify for negative declaration status under the California Environmental Quality Act of 1970 (Public Resources Code Sections 21000 and following). The District has filed a negative declaration in the office of the San Luis Obispo County Clerk pursuant to this law.

On January 23, 1979, the Corporation received sealed competitive bids for the construction of Project Phase I. The low bid of \$6,730,000 (base bid of \$7,227,000 less deductive alternates #1 and #2 at \$348,000 and \$149,000, respectively) was submitted by the Tumblin Company of Bakersfield, California.

Pursuant to bidding specifications, a labor and materials bond of 100% of the contract amount and a performance bond of 100% of the contract amount is required of the contractor.

The contractor is also required by the construction contract to carry public liability and property damage and worker's compensation insurance during the construction period and until the building has been accepted by the District and the Corporation.

During the construction period, the contractor will maintain builders risk and extended coverage insurance against fire, vandalism, and malicious mischief in an amount equal to the replacement cost subject to a \$5,000 deductible for any loss and earthquake insurance during the construction period, against loss or damage by earthquake in an amount not less than the full insurable value of the properties, subject to a 3% deductible for any loss.

Rental interruption insurance will be maintained by the Corporation.

Upon delivery of the Series of 1979 Bonds, the following actions will be taken simultaneously:

(1) The District will sell to the Paso Robles Union School District a portion of the site and the existing main building of Paso Robles High School. (The Paso Robles Union School District will utilize the site and the existing main building of Paso Robles High School purchased from the District for purposes of having a new junior high school constructed and remodeled by the Paso Robles Union School District Educational Facilities Corporation for its use.)

(2) The Site Lease and Facility Lease for Project Phase I will be executed between the Corporation and the District; and

(3) The Corporation will enter into a construction contract with the Tumblin Company for construction of Project Phase I.

Completion of construction of Project Phase I is scheduled for October 1, 1980.

Project Phase I Financing

The tabulation on page 20 shows total estimated costs of Project Phase I.

PROJECT PHASE I**Total Estimated Costs**

Construction	\$6,730,000 ^①
Architects Fees	538,400 ^②
Inspection and Testing	52,000 ^②
Plan Check Fees, Soil Tests, and Geology Studies	40,620 ^②
Total	\$7,361,020

① Construction base bid less deductive alternates #1 and #2.

② Estimate of Arendt/Mosher/Grant/Pedersen/Phillips, Architects.

In 1977/78 and 1978/79 the voter approved lease tax was levied to provide the District with funds for Project Phase I purposes. The District also expects to levy the voter approved lease tax in 1979/80 to provide funds for Project Phase I purposes. The District's Business Manager estimates that an aggregate of approximately \$1,052,000 will be made available to the District for Project Phase I purposes from the 1977/78 and 1978/79 lease tax levies.

Based on the average price of three appraisals of the Paso Robles High School site and property to be sold to the Paso Robles Union School District, the District will receive \$1,088,334. These moneys will be deposited with the Trustee and used for Project Phase I purposes.

Table 3 shows the total estimated costs of Project Phase I, total estimated funds available to the District which will be applied to Project Phase I, and the application of proceeds from the sale of the \$6,345,000 of Series of 1979 Bonds.

Table 3**PASO ROBLES JOINT UNION
HIGH SCHOOL DISTRICT EDUCATIONAL
FACILITIES CORPORATION****Project Phase I Funding**

Total Estimated Project Phase I Costs ..	\$7,361,020
Source of Funds	
District Lease Tax Funds	\$1,052,000
Sale of High School Property	\$1,088,334
Bond Proceeds and Investment Income	5,274,000
Disposition of Bond Proceeds	
Principal Amount Issued	\$6,345,000
Less: Funded Interest Through	
December 1, 1980	(832,782)
Corporate Operation Fund .	(10,000)
Reserve Fund	(309,063)
Costs of Issuance and In- surance	(120,000)
Bond Proceeds to Construction Fund .	\$5,073,155
Add: Investment Income During	
Construction	200,845
Total Available Bond Proceeds and Investment Income	\$5,274,000

DISTRICT ORGANIZATION AND FINANCIAL DATA

Organization

The Paso Robles Joint Union High School District provides public educational services in grades nine through twelve throughout a 600 square mile area in northern San Luis Obispo County and southern Monterey County. The District encompasses the City of Paso Robles. Over 97 percent of the District's current assessed valuation is in San Luis Obispo County.

The District has operated as a school district under the laws of the State of California continuously since 1923. The District is governed by an independent Board of Trustees of five members elected at large for overlapping four-year terms. The Superintendent, who is appointed by the Board of Trustees, administers District affairs in accordance with policies of the Board of Trustees. The present superintendent, Dr. Bill J. James, has a total of 18 years experience in education. He was appointed to his present post July 1, 1978. Dr. James was previously Assistant Superintendent of the Las Virgenes Unified School District, Los Angeles County, for a period of seven years.

Mr. Frank B. Heinen, Business Manager, was appointed to his position in October 1977. He has had 14 years of school business management experience including prior service with the Conejo Valley Unified School District and the office of the County Superintendent of Schools, San Luis Obispo County.

Facilities and Attendance

District facilities include one high school and one continuation high school. The District's staff includes 48 certificated, 38 classified, and three administrative personnel. In addition, the services of the Superintendent, Assistant Superintendent, and Business Manager are shared with the Paso Robles Union School District. The District's 1978/79 budget is approximately \$2.5 million. Total District enrollment at October 1, 1978 was 1,018.

Table 4 shows District assessed valuations, average daily attendance, and assessed valuation per student in average daily attendance over the most recent five-year period. From 1973/74 through 1977/78, the District's assessed valuation increased approximately 70.7 percent and assessed valuation per unit of average daily attendance increased approximately 59.6 percent. Average daily attendance over the past five years has increased 6.9 percent, from 823 in 1973/74 to 880 in 1977/78, and is projected at 940 in 1978/79, with assessed valuation per unit of average daily attendance estimated at \$92,275.

Assessed Valuations

The San Luis Obispo County Assessor assesses property for District tax purposes. The State Board of Equalization reports the 1977/78 San Luis Obispo County valuations average 18.1 percent of full market value, except for public utility property, which is assessed by the State at 25 percent of full value. County assessment ratios for 1978/79 are not available.

Under California State Law, two types of exemptions of property from ad valorem taxes became effective in the 1969/70 fiscal year. One exempts 50 percent of the value of business inventories from ad valorem taxes. The other provides for an exemp-

Table 4
PASO ROBLES JOINT UNION
HIGH SCHOOL DISTRICT
Assessed Valuation and
Average Daily Attendance

Fiscal Year	Assessed Valuation	Average Daily Attendance ^①	Assessed Valuation Per Unit Average Daily Attendance
1973/74	\$40,292,101	823	\$48,958
1974/75	43,816,482	833	52,600
1975/76	50,352,888	850	59,239
1976/77	52,664,772	858	61,380
1977/78	68,776,492	880	78,155
1978/79	86,738,429	940 ^②	92,275 ^②

① Includes special classes.

② District staff estimate.

Source: County Auditor-Controller and District audit reports.

Table 5
PASO ROBLES JOINT UNION HIGH SCHOOL DISTRICT
1978/79 Assessed Valuation

Tax Roll	Taxable Assessed Valuation	Homeowners Exemptions	Business Inventory Exemptions	Assessed Valuation for Revenue Purposes
San Luis Obispo County:				
Secured	\$65,162,673	\$4,328,899	\$1,811,905	\$71,303,477
Utility	7,828,410	—	—	7,828,410
Unsecured	4,460,478	16,800	1,013,034	5,490,312
Subtotal	\$77,451,561	\$4,345,699	\$2,824,939	\$84,622,199
Monterey County:				
Secured	\$ 1,919,670	\$ 12,250	\$ 13,340	\$ 1,945,260
Utility	153,180	—	—	153,180
Unsecured	17,790	—	—	17,790
Subtotal	\$ 2,090,640	\$ 12,250	\$ 13,340	\$ 2,116,230
Total District:				
Secured	\$67,082,343	\$4,341,149	\$1,825,245	\$73,248,737
Utility	7,981,590	—	—	7,981,590
Unsecured	4,478,268	16,800	1,013,034	5,508,102
Total	\$79,542,201	\$4,357,949	\$2,838,279	\$86,738,429

Source: San Luis Obispo County Auditor-Controller and Monterey County Auditor-Controller.

tion of \$1,750 of the assessed valuation of an owner-occupied dwelling if the owner files for the exemption. Revenue estimated to be lost to each taxing entity as a result of these exemptions is reimbursed to the taxing entity from state funds. The reimbursement is based upon total taxes which would be due on the assessed valuation of the property qualifying for these exemptions, without allowance for delinquencies.

Table 5 shows the District's 1978/79 assessed valuation by tax roll, before and after these two exemptions. These assessed values reflect the implementation of Proposition 13, now Article XIII A of the California Constitution.

The Williamson Act (California Government Code Sections 51200 and following) provides that agricultural lands may be segregated as an agricultural preserve and so qualify for reduced assessed valuations for stipulated time periods. Numbers of landowners within the District have contracted pursuant

to the Williamson Act and have obtained lower assessed valuations on their property. At present, many California county assessors (including the San Luis Obispo County Assessor) are not adjusting assessed valuations on these lands pursuant to the provisions of Proposition 13, now Article XIII A of the California Constitution. A bill now before the California Assembly Revenue and Taxation Committee would exempt Williamson Act lands from the Proposition 13 requirements on the theory that the Williamson Act itself has constitutional stature and takes precedence over Proposition 13 in this respect. The District is unable to predict whether any legislation clarifying this situation will be enacted or what the ultimate impact of Proposition 13 on Williamson Act lands will be.

The previous five-year history of the District's assessed valuation by tax roll prior to deductions for the special exemptions noted above is shown in Table 6 on page 23.

Table 6
PASO ROBLES JOINT UNION HIGH SCHOOL DISTRICT
Assessed Valuation by Tax Roll

Tax Roll	1973/74	1974/75	1975/76	1976/77	1977/78
Secured	\$33,784,436	\$36,430,867	\$42,279,528	\$43,891,921	\$58,359,583
Utility	4,384,748	4,317,500	4,395,510	5,224,800	6,621,990
Unsecured	2,122,917	3,068,115	3,677,850	3,548,051	3,794,919
Total ^①	\$40,292,101	\$43,816,482	\$50,352,888	\$52,664,772	\$68,776,492

① Includes reimbursable exemptions.

Source: San Luis Obispo County Auditor-Controller and Monterey County Auditor-Controller.

Tax Rates

Section 1(a) of Article XIII A of the California Constitution limits any ad valorem tax on real property to one percent of full cash value of such property; however this limitation is not applicable to ad valorem taxes or special assessments to pay the interest and redemption charges on any indebtedness approved by voters prior to July 1, 1978, the effective date of Article XIII A of the California Constitution.

The District's voter approved tax rate for lease purposes in 1978/79 is \$0.72 per \$100 assessed valuation. Table 7 presents a five-year history of the District's tax rates. During this period the range of total rates per \$100 assessed valuation was \$2.70 in 1977/78 to \$0.72 in 1978/79. The latter reflects the first-year effects of Proposition 13.

Because of Proposition 13 implementing legislation adopted by the State legislature, District revenues from taxes previously levied for General Non-Categorical purposes were replaced in the 1978/79 fiscal year by State surplus and General Fund appropriations and apportionments. This is reflected in the District's 1978/79 budget as shown in Table 11 on page 27.

As stated in the subsection of this Official Statement entitled "Implementing Legislation" on page 9, the District cannot at this time estimate the amounts of State funds and local property tax revenues that it may receive in 1979/80 and subsequent fiscal years. There is also no assurance that the aforementioned State surplus revenues will continue to exist, or that they will be allocated to local governments after 1978/79.

Table 7
PASO ROBLES JOINT UNION HIGH SCHOOL DISTRICT
Property Tax Rates

Purpose	1974/75	1975/76	1976/77	1977/78	1978/79
General Non-Categorical	\$1.59	\$2.08	\$1.72	\$1.96	\$ —
Lease	—	—	—	.70	.72
Other Categorical05	.06	.06	.04	—
Total	\$1.64	\$2.14	\$1.78	\$2.70	\$.72

Source: District audit reports and County Auditor-Controller.

There are 32 tax code areas in the District, including two in Monterey County. In 1978/79, total tax rates per \$100 assessed valuation in these tax code areas range from \$4.825 (Monterey County) to \$6.34. Tax Code Area 2-00 has a 1978/79 assessed valuation of \$33,063,413, representing over 42 percent of the District's current year assessed valuation. All tax rates per \$100 assessed valuation in this code area for 1977/78 and 1978/79 are shown below in Table 8.

Table 8
Tax Rate Area 2-00
Property Tax Rates

	1977/78	1978/79 ^①
County of San Luis Obispo	\$ 2.63	\$4.00
City of Paso Robles	2.39	.40
Special Schools	1.20	
Schools Areawide	1.13	
High School General and Lease	2.70	.72
Elementary School General and		
Lease	2.43	.71
Special Districts10	
State Water Contract04
Community College Bonds09
Total	\$12.58	\$5.96

^① See the section of this Official Statement entitled "1978 Constitutional Amendment, Supreme Court Validation, and Implementing Legislation" beginning on page 8.

Source: County Auditor-Controller.

Tax Levies, Collections, and Delinquencies

School District secured taxes appear on the same tax bill as county and city taxes, are payable in equal installments on November 1 and February 1, and become delinquent on December 10 and April 10 respectively. Taxes on properties appearing on the unsecured roll are assessed and payable on March 1 and become delinquent the following August 31. Table 9 summarizes the general purpose secured tax levies and the amount and percentage of the levy delinquent as of June 30 for the past five fiscal years. Also shown are total collections, including current year receipts and taxes collected for prior years.

Largest Taxpayers

The District's ten largest taxpayers are listed in Table 10 on page 25. Their combined 1978/79 assessed valuations account for approximately 19 percent of the District's total current year taxable assessed valuation. Two utilities—Pacific Telephone Co. and Pacific Gas and Electric Co.—head the list. Tenneco West is a subsidiary of Tenneco Inc., the national multi-industry firm. The Six Corporation is currently developing Heritage Ranch, described elsewhere in this Official Statement. Estrella River Properties operates vineyards, a winery, and other agricultural properties east of Paso Robles.

Table 9
PASO ROBLES JOINT UNION HIGH SCHOOL DISTRICT
Secured Tax Levies, Collections, and Delinquency^①

Fiscal Year	Secured Levy	Amount Delinquent June 30	Percent Delinquent June 30	Total Amount Collected ^②	Total Percent Collected ^③
1973/74	\$ 617,540	\$37,196	6.02%	\$ 612,155	99.13%
1974/75	606,391	44,415	7.32	597,404	98.52
1975/76	910,275	25,493	3.02	938,330	103.08
1976/77	792,853	32,175	4.06	824,333	103.97
1977/78	1,600,383	58,230	3.64	1,610,562	100.64

^① For both San Luis Obispo and Monterey Counties.

^② Includes prior year taxes, plus interest and penalties.

^③ As percent of current secured levy.

Source: San Luis Obispo County Auditor-Controller, Monterey County Auditor-Controller, and District audit reports.

Table 10
PASO ROBLES JOINT UNION HIGH SCHOOL DISTRICT
Largest Taxpayers

Taxpayer	Business	1978/79 Assessed Value
Pacific Telephone Co.	Utility	\$3,238,790
Pacific Gas & Electric Co.	Utility	2,914,370
Tenneco West Inc.	Almond Processing	2,080,038
Six Corporation	Land Developer	1,590,077
CTS Keene Inc.	Manufacturer	1,444,647
Estrella River Prop. Ltd.	Agriculture	930,134
Monterey County Flood Control Water Dist.	Special District	897,709
Ennis Business Forms Inc.	Manufacturer	837,987
Mobil Oil Corporation	Pipeline	574,620
Continental Vintners	Vineyards	523,833

Source: San Luis Obispo County Assessor.

District Financial Records

District financial transactions are recorded using modified cash basis method of accounting. This is in accordance with policies and procedures of the California School Accounting Manual, 1976 edition. Expenditures for capital assets are considered expenses in the year of acquisition and are not reflected in ending fund balances.

In previous years, the District has followed a policy of accruing as a receivable approved funds under various federal projects not received at year end. During the current year, this policy was changed to the cash basis method of recognition.

The County Office of Education performs certain accounting functions for the District and maintains various related records. Documents in support of disbursements are filed by the county auditor. Rec-

ords pertaining to attendance, cafeteria operations, student body, revolving fund, cash collections, insurance, federal projects and board proceedings are maintained at the District office.

Fund Balances

Balances in all District funds as of June 30 for the past five fiscal years are presented in Table 11, as shown in District audit reports.

General Fund Income and Expenditures

Table 12 on page 26 presents a five-year summary for fiscal years 1973/74 through 1977/78 of income and expenditures of the Paso Robles Joint Union High School District as reported in annual audits of the District. Also included in Table 12 is the annual expenditure budget and the annual variation of these budgets to actual expenditures.

Table 11
PASO ROBLES JOINT UNION HIGH SCHOOL DISTRICT
Fund Balances as of June 30

	1974	1975	1976	1977	1978
General Fund	\$197,461	\$134,953	\$175,587	\$105,561	\$168,735
Bond Interest and Redemption Fund	48,114	22,635	17,274	—	—
Student Body Fund	18,090	19,429	21,427	21,967	37,998
Cafeteria Account	667	684	1,488	6,532	1,592
Special Reserve Fund	326	349	368	385	103,773 ^①

^① Fund created by transfer of \$425,290 from General Fund during the year for Project Phase I purposes.

Table 12

PASO ROBLES JOINT UNION HIGH SCHOOL DISTRICT

Summary of General Fund Income and Expenditures^①

	Fiscal Years				
	1973/74	1974/75	1975/76	1976/77	1977/78
Beginning Balance July 1:					
Adjustment to Beginning	\$ 172,801	\$ 190,719	\$ 134,953	\$ 175,587	\$ 105,561
Balance	(316)	809	16,446	3,713	(5,186)
Adjusted Balance	\$ 172,485	\$ 191,528	\$ 151,399	\$ 179,300	\$ 100,375
Income:					
Federal Sources	\$ 30,224	\$ 30,567	\$ 45,261	\$ 53,117	\$ 62,411
State Sources	283,692	302,784	327,680	404,242	389,322
County Sources	56,447	83,601	26,427	180,359	52,289
Local Sources	679,018	676,167	1,008,177	923,910	1,772,756
Incoming and Interfund Transfers ...	5,800	6,678	2,000	22,593	17,179
Subtotal	\$1,055,181	\$1,099,797	\$1,409,545	\$1,584,221	\$2,293,957
Total Income Available	\$1,227,666	\$1,291,325	\$1,560,944	\$1,763,521	\$2,394,332
Expenditures: ^①					
Certificated Salaries	\$	\$ 596,071	\$ 698,469	\$ 746,934	\$ 790,652
Classified Salaries		197,933	228,972	272,873	310,103
Employee Benefits		96,591	116,965	153,844	227,427
Books, Supplies, Equipment Replace- ment		117,333	131,031	168,100	161,124
Contracted Services		108,474	144,621	166,225	193,328
Administration	40,860				
Instruction	624,783				
Health Services	4,475				
Pupil Transportation	76,363				
Operation of Plant	76,915				
Maintenance of Plant	45,283				
Fixed Charges	125,071				
Food Services	1,018	9,558	3,357	6,324	84
Community Services	11,228	7,218	24,433	27,728	32,394
Capital Outlay	20,141	21,618	36,124	86,613	28,484
Outgoing Transfers	4,068	1,576	1,385	29,319	53,026
Interfund, Other Transfers					428,975 ^②
Total Expenditures	\$1,030,205	\$1,156,372	\$1,385,357	\$1,657,960	\$2,225,597
Revised Budget Expenditures	NA	1,266,540	1,416,330	1,696,632	2,278,303
Variance to Actual Expenditures	NA	110,168	30,973	38,672	52,706
Ending Balance June 30	\$ 197,461	\$ 134,953	\$ 175,587	\$ 105,561	\$ 168,735

^① Beginning in 1974/75 all school districts in the State of California were required to follow accounting and financial reporting procedures in accordance with revenue source categories and classification object code prescribed by the California State Accounting Manual. Certain expenditure items for 1974/75 and later years cannot, therefore, be directly compared with prior years.

^② Includes \$425,290 transfer to the Special Reserve Fund for Project Phase I purposes.

Source: District audit reports for individual years.

1978/79 Budget

On June 24, 1978, the Governor approved Senate Bill 154 (Chapter 292, 1978 Statutes) which provided partial relief to local governmental entities from the difficulties brought about by the passage of Proposition 13. This bill, among other purposes, appropriated funds from the State General Fund:

A. to Section A of the State School Fund (said Fund provides for the funding of California school districts) in lieu of statutory prescribed appropriations for the 1978/79 fiscal year and presents a method for computing the state support for school districts.

B. to various categorical aid programs operated by school districts.

On June 30, 1978, the Governor also approved Senate Bill 2212 (Chapter 332, 1978 Statutes) which made various technical and other changes in school finance provisions to comply with Chapter 292, 1978 Statutes.

State appropriations to the State School Fund and various categorical aid programs operated by school districts pursuant to Chapters 292 and 332, 1978 Statutes are applicable for fiscal year 1978/79 only. There is no guarantee that subsequent replacement of lost property tax revenues resulting from the passage of Proposition 13 will be made by the Legislature in any future fiscal year.

The District's 1978/79 General Fund budget is presented in Table 13.

Direct and Estimated Overlapping Bonded Debt

As of the date of this Official Statement, the District has no general obligation bonded debt.

The State of California Education Code provides that the District shall not enter into any long term leases of buildings if the combination of: (a) 50 percent of the District's rental payments under such leases, plus (b) the outstanding district general obligation bonded indebtedness, exceeds 7.5 percent of the district's net taxable assessed valuation plus homeowners' and business inventories exemptions.

Based on the District's 1978/79 assessed valuation for this purpose (\$86,738,429) the 7.5 percent limit of anticipated lease rentals and general obligation bonded debt equals \$6,505,382. The maximum aggregate lease rental payable by the District under the Project Phase I Facility Lease includes (a) base rental of \$12,800,256 assuming the maximum per-

Table 13

PASO ROBLES JOINT UNION HIGH SCHOOL DISTRICT

1978/79 General Fund Budget

	1978/79 Budget
Income:	
Adjusted Net Beginning Balance	\$ 167,149
Federal Income	72,124
State Income	1,628,870
County Income	15,000
Local Income	667,182
Incoming Transfers	15,000
Total Available Income	\$2,565,325
Expenditures:	
Certificated Salaries	\$ 819,603
Classified Salaries	309,682
Employee Benefits	220,611
Books, Supplies and Equipment Replacement	120,039
Contracted Services and Other Operating Expenses	256,337
Sites, Buildings, Books, Media and New Equipment	27,482
Outgoing Tuition	52,000
Interfund, Other Transfers	572,607
Total Expenditures	\$2,378,361
Appropriation for Contingencies	181,964
Net Ending Balance	\$ 5,000

Source: Annual Budget Report (Form J-41), July 1, 1978 to June 30, 1979, adopted by the governing board of Paso Robles Joint Union High School District on September 5, 1978.

mitted interest rate of 7.5 percent is bid on the Series of 1979 Bonds, and (b) additional rental not to exceed \$5,000 per year over the term of the Project Phase I Facility Lease, or \$105,000 in the aggregate. Fifty percent of the District's estimated maximum lease rentals (\$6,452,628) will approximate 99.2 percent of the District's general obligation bonded debt and lease rental limitation of \$6,505,382.

The direct and estimated overlapping bonded debt of the District is shown in Table 14. The \$6,345,000 principal amount of the Corporation's Series of 1979 Bonds is shown for informative purposes only since bonds of the Corporation are not a debt or obligation of the District.

Table 14

PASO ROBLES JOINT UNION HIGH SCHOOL DISTRICT**Statement of Direct and Estimated Overlapping Debt^①**

Estimated Population	15,000	
1978/79 Assessed Valuation	\$ 86,738,429	
Estimated Real Value	\$346,954,000 ^②	

Public Entity	Percent Applicable	Estimated Debt Applicable February 27, 1979
San Luis Obispo County Community College District	9.604%	\$ 1,102,059
Paso Robles Joint Union High School District (lease-revenue)	100.000	6,345,000 ^③
Paso Robles Union School District (lease-revenue)	100.000	3,925,000 ^④
City of Paso Robles	100.000	1,015,000
City of Paso Robles 1915 Act Bonds	100.000	23,000
Monterey County	0.132	3,564
Total Direct and Estimated Overlapping Bonded Debt		\$12,413,623

	Ratio to		Per Capita
	Assessed Valuation	Real Value	
Assessed Valuation	—	—	\$5,783
Direct Debt ^③	7.31%	1.83%	423
Direct and Estimated Overlapping Bonded Debt ^④	14.31	3.58	828

① Prepared in cooperation with California Municipal Statistics, Inc.

② Assumes 1978/79 assessed valuations are 25 percent of real value.

③ The \$6,345,000 Series of 1979 Bonds of the Paso Robles Joint Union High School District Educational Facilities Corporation offered for sale on February 27, 1979 are not a direct debt of the Paso Robles Joint Union High School District but are included herein for informational purposes only.

④ The \$3,925,000 Series of 1979 Bonds of the Paso Robles Union School District Educational Facilities Corporation offered for sale on February 27, 1979 are not a direct debt of the Paso Robles Union School District but are included herein for informational purposes only.

District Lease Obligations

Under a cost-sharing arrangement with the Paso Robles Union School District, the Paso Robles Joint Union High School District has a lease obligation on a modular building for a remaining five-year term. Annual payments are \$5,020, with the District paying 40 percent. There are lease obligations on five buses for varying terms and amounts. In 1978/79, lease payments on the buses total \$26,000.

Pension Plans

Certificated personnel are covered by the State Teachers Retirement System (STRS), while classi-

fied personnel are enrolled in the Public Employees Retirement System (PERS). Under the latter plan, part-time personnel must work more than 50 percent of the work week to become eligible for retirement benefits. In fiscal 1977/78, the District's contribution to STRS was \$53,610 on certificated personnel salaries of \$790,652, and to the PERS plan \$29,913 on classified personnel salaries of \$319,327. In addition, the District paid \$19,291 to the Federal Social Security System on behalf of classified employees.

The State Teachers' Retirement System (STRS). Operating under provisions of the State Education Code, STRS includes California public teachers

from pre-school through grade fourteen and certain other employees of the public school system. At June 30, 1978 there were approximately 335,100 active and inactive members, 75,351 benefit recipients, and 1,149 local participating agencies. Membership is mandatory for all certificated employees meeting the eligibility requirements.

The system is financed by earnings from investments and contributions from members, school districts, and the State of California, which pays \$144,300,000 annually to the year 2002, subject to annual legislative appropriation. Under present rules, members contribute eight percent of applicable earnings, and school districts contribute a percentage of applicable member earnings, amounting to eight percent as of July 1, 1978. Under legislation enacted in 1977, new increased rates, effective July 1, 1979, would result in total contributions of 21 percent of payroll after a five-year period. The employer rate would increase to 10 percent, and the State of California would contribute three percent, with the employee rate remaining at eight percent.

An actuarial valuation is performed every two years and an experience analysis every four years. Actuarial valuations of the system are based upon the entry-age-normal cost method, which is a projected benefit cost method wherein level normal cost rates (contributions) are computed sufficient to fund benefits over the entire service life of members. The system's financial statements are prepared on the accrual basis of accounting.

At June 30, 1978, the total unfunded obligation of the system was \$10,904,000,000, as determined by the independent actuary. This includes the present value of future State contributions provided by the State Teachers' Retirement Law (\$1,643,000,000). Comparable figures for June 30, 1977 were \$9,894,721,919 and \$1,666,000,000, respectively. In the opinion of the Chief Executive Officer for STRS, the additional contributions referred to above will not solve the funding problem.

The State Teachers' Retirement System's actuary is Milliman & Robertson, Inc., of San Francisco, California; Investment Counsel for equities is Scudder, Stevens & Clark, San Francisco, California; auditor is Coopers & Lybrand, Sacramento, California.

The State Public Employees' Retirement System (PERS) was originally established in 1931. As of

June 30, 1977, there were 556,759 members, of whom approximately 10% are classified as "safety" members (principally fire and police duties) and the balance are classified as "miscellaneous" members (management, administrative, staff, operational and clerical employees).

Approximately one-third of the members are state personnel and the balance are public agency personnel. As of June 30, 1977, the System provided retirement, death and survivor benefits under 979 contracts for 2,078 public agency employers (cities, counties, school districts, special districts and other public bodies) with 374,051 members. The System's funding is by employer and employee contributions together with investment income. Contributions fluctuate yearly depending on the number of members and their respective salary schedules.

Total assets of the System at June 30, 1977 were \$8,951,294,831 according to the annual audit. Of this amount, net assets of \$8,755,875,035 were available for benefits. The annual contribution by employers for the 1976/77 fiscal year was \$718,363,062. The annual contribution by employees for the 1976/77 fiscal year was \$312,725,614. The unfunded obligation of the System was determined to be \$7,417,304,677 at June 30, 1977 by the independent auditors.

The System's actuarial activities are conducted internally on a continuous basis, with an experience analysis being required no less than every four years under the Retirement Law. The method used is entry-age-normal cost, which is a projected benefit cost method wherein level employer normal cost rates, considering present member contributions, are calculated at amounts sufficient to fund benefits over the entire service life of members. Management Applied Programming, Inc., Los Angeles, California is reviewing the June 30, 1977 actuarial valuation prepared by the PERS staff.

Except for the pooling of certain miscellaneous public agency members, actuarial evaluations are performed for each participating employer, and the total accrued actuarial liability noted above is the sum of the individual employer accounts. According to the PERS annual report, public agency employer contribution rates set forth between each agency and PERS will meet all ongoing costs and fund the unfunded liability for each agency in accordance with the terms of each agency's contract.

The System's financial statements are prepared on an accrual basis of accounting. The System's auditor is Touche Ross & Co., San Francisco, California. Citicorp Investment Management, Inc., San Francisco, provides investment advisory services.

Employer-Employee Relations

Certificated personnel of the District may be members of the American Federation of Teachers or the California Teachers Association. At present there is no designated bargaining agent for certificated employees. The State Public Employment Relations Board is reviewing the matter of certificated employee representation. It is expected that an election will be held within the District in the near future, at which time a bargaining agent will be designated.

Classified personnel may participate in the California School Employees Association. Negotiations have been completed with the local unit of CSEA for a contract extending to July 1, 1979.

Salary schedules for all District employees have been maintained at the 1977/78 negotiated level, in accordance with Chapter 332, 1978 Statutes, which bars the use of any state surplus or loan funds to any local public agency which provides a cost of living wage or salary increase to employees or non-civil service officers in excess of such increases provided for state employees in the 1978/79 fiscal year. No such increases have been scheduled for state employees in 1978/79.

Effective July 1, 1976 provisions of the Rodda Act codified as Chapter 961 of the 1975 Statutes affects all school districts in California. In case of labor disputes, local grievance procedures may be operative (if established by contract), or both parties may agree to submit grievances to final and binding arbitration pursuant to rules adopted by the Educational Employment Relations Board, which administers the Act. The Act's provisions with respect to the rights, obligations, and unfair practices applicable to management and labor became effective April 1, 1976.

District Insurance Coverage

The District's insurance agent, Paso Robles Insurance, Paso Robles, reports the District's schedule of insurance coverage as follows as of January 22, 1979:

Fireman's Fund Insurance Company

Policy Period: July 1, 1978-July 1, 1981

Portfolio Policy

Section I: Property

\$4,529,190—Blanket coverage on buildings and equipment. 90% co-insurance subject to \$1,000 deductible per loss. Coverage includes Fire, Extended Coverage and Vandalism and Malicious Mischief.

Section II: Comprehensive General Liability & Automobiles

\$1,000,000 Combined Single Limit on Bodily Injury & Property Damage
Automobile Physical Damage as scheduled
Uninsured Motorist—\$15,000 each person,
\$30,000 each accident

Section III: School Property Floater

\$20,875—Musical Instruments. 90% co-insurance subject to \$1,000 deductible per loss. All-risk coverage.

Fireman's Fund Insurance Company

Policy Period: July 1, 1978-July 1, 1979

Excess Liability—\$2,000,000 Combined Single Limit on Bodily Injury and Property Damage

International Surplus Lines Insurance Company

Policy Period: July 1, 1978-July 1, 1979

School Board Legal Liability—\$1,000,000 per loss subject to a \$1,000 retention per loss

Hartford Steam Boiler Inspection & Insurance Company

Blanket coverage for heating boiler, pressure vessel and air conditioning. Loss is limited to \$1,000,000 per accident.

Fireman's Fund Insurance Company Bond

Bond Period: July 1, 1978-July 1, 1979

Public School System Employees Blanket Bond—\$25,000; written jointly with the Paso Robles Union School District

ECONOMY OF THE DISTRICT

The Paso Robles Joint Union High School District is located in northern San Luis Obispo County and southeastern Monterey County. Over 97 percent of the District's current assessed valuation is located in San Luis Obispo County. District boundaries embrace approximately 600 square miles of rolling, wooded terrain, with the Santa Lucia Range forming the western boundary and the Temblor Range to the east.

Within the District are the City of Paso Robles, the unincorporated communities of San Miguel, Estrella, and Wellsona, Mission San Miguel, Nacimiento Lake, and the southern half of Camp Roberts Military Reservation. On the shores of Nacimiento Lake are the recreational and retirement communities of Oak Shores and Heritage Ranch. Present population of the District is estimated at 15,000 persons.

The District is bisected by U.S. 101, principal coastal route of California linking San Francisco and Los Angeles. The District's economy is based on tourism, agriculture, and a gradually developing manufacturing sector. Both population and housing are increasing more rapidly in the District than in San Luis Obispo County as a whole. Approximately 60 percent of all District residents live in Paso Robles, third largest city in San Luis Obispo County.

Population and Housing

After a period of substantial population growth in the forties, Paso Robles fell below the countywide growth rate in the next two decades, as reflected in the summary of census data shown in the tabulation below. However, recent data indicate that Paso Robles is again above the county growth rate.

Between mid-1977 and mid-1978, population of the District increased slightly more than 9 percent, compared with a countywide gain of 5.2 percent. In like manner, the number of housing units expanded over 9.8 percent, while the gain in the county was 5.4 percent. The tabulation at the top of page 32 presents population and housing data for 1970, 1977, and 1978, as reported by the County Planning Department.

In November 1976 the State Department of Finance conducted a special countywide census. The distribution of District housing by type of unit is shown in the tabulation at the bottom of page 32.

City of Paso Robles

The City of Paso Robles covers approximately 12 square miles at the southern end of the rich Salinas Valley. It is situated on U.S. 101, about 17 air miles inland from the Pacific Ocean, 205

CITY OF PASO ROBLES

Population Census Data

Year	City of Paso Robles	Percent Change	County of San Luis Obispo	Percent Change
1940	3,045	—	33,246	—
1950	4,835	58.8%	51,417	54.7%
1960	6,677	38.1	81,044	57.6
1970	7,168	7.4	105,690	30.4

Source: U.S. Census Bureau.

PASO ROBLES JOINT UNION HIGH SCHOOL DISTRICT

Population and Housing

	1970 ^①	1977 ^②	1978 ^②	Percent Change 1977-78
Population:				
Paso Robles City	7,168	8,030	8,758	9.07%
San Miguel	808	730	755	3.70
Lake Nacimiento	408	273	318	16.48
Rural Paso Robles	3,684	4,243	4,656	9.73
Total ^③	12,068	13,276	14,487	9.12
Housing Units:				
Paso Robles City	2,660	3,278	3,574	9.03
San Miguel	310	331	342	3.32
Lake Nacimiento	192	634	724	14.20
Rural Paso Robles	1,313	1,537	1,708	11.13
Total ^③	4,475	5,780	6,348	9.83

① U. S. Census.

② July estimates by County Planning Department.

③ Does not include approximately 50 persons and approximately 20 housing units in Monterey County.

Source: San Luis Obispo County Planning Department.

miles south of San Francisco, and 220 miles north of Los Angeles. At an elevation of 720 feet, Paso Robles is protected by the Santa Lucia Range and has a moderate, fog-free climate with warm, dry days and cool nights. Average annual rainfall is about 15 inches.

Municipal Government

Paso Robles was incorporated March 11, 1889. It is a general law city with the Council-Manager

form of government. A five-member City Council appoints the City Manager, who is responsible for the administration of day-to-day municipal affairs. The city has 82 employees.

The Police Department consists of a chief, a lieutenant, three sergeants, eight patrolmen, one detective, one parking officer, a clerk and three dispatchers. The department has five radio equipped patrol cars. A new police department building and jail was completed in January, 1967.

Housing by Type of Unit

1976 Special Census

Area	Single Family	Multi- Family	Mobile Home and Miscellaneous	Total Units	Percent Single Family	Persons Per Household
Paso Robles City	2,268	769	174	3,211	70.6%	2.6
San Miguel	251	46	31	328	76.5	2.6
Lake Nacimiento	405	0	227	632	64.1	2.3
Rural Paso Robles	1,183	9	298	1,490	79.4	2.9
Total	4,107	824	730	5,661	72.5	

Source: San Luis Obispo County Planning Department.

The Fire Department is staffed by a chief, an assistant chief, a fire prevention officer, and 50 volunteers. Housed in three stations, the department is equipped with four firstline combination pumpers, a small pumper, an airport crash truck, a rescue truck and two brush trucks.

Paso Robles owns and operates its own water system. The city's water system is supplied by wells, has a maximum pumping capacity of 6.25 m.g.d. with an average consumption of 2.00 m.g.d. and includes two 4,000,000 gallon and one 500,000 gallon reservoirs.

The City's Waste Water Treatment Plant is modern and has a capacity of 3 m.g.d. and a peak flow of 1.4 m.g.d. A \$1,005,000 waste water plant improvement bond election was passed in October, 1969. The new plant has been in operation since late 1971.

San Miguel

San Miguel is an unincorporated community of approximately 800 residents situated on U.S. 101 about eight miles north of Paso Robles. It is the home of Mission San Miguel Arcangel, founded July 25, 1797 as the 16th of the 21 California missions. Considered to be the best preserved of all the missions, it serves today as a parish church and place of study for novitiates seeking to become Franciscans. The Mission is open to the public. Among its visitor attractions are an Indian Village, original paintings and church decorations, and several types of rare plants.

The San Miguel area is served by the San Miguel Sanitary District, the San Miguel Fire District, and the San Miguel Lighting District. A branch of the County Library System is located in San Miguel.

Lake Nacimiento

Located 17 miles northwest of Paso Robles, Lake Nacimiento was formed in 1956 by Nacimiento Dam, built to store irrigation water for the Salinas Valley and to control flood waters. The lake extends 18 miles upstream, creating a surface area of 5,380 acres at capacity, and has a shore line of 165 miles. Although located in San Luis Obispo County, Nacimiento Dam is owned by Monterey County.

There are two residential communities on the shores of this lake—Oak Shores on the north shore and Heritage Ranch on the south shore. Originally established as second-home weekend and vacation

retreats, both are attracting increasing numbers of permanent residents, who presently number approximately 400 persons.

The San Luis Obispo County Planning Department has authorized ultimate development of 3,200 lots at Oak Shores and 9,000 lots at Heritage Ranch. To date, approximately 900 lots and 2,500 lots, respectively, have been spoken for by purchase, actual construction, or the filing of a building permit.

Oak Shores consists largely of single family homes. Of the 900 lots approved for development, about one-fourth have been developed to date, with an annual growth of 30-40 units. The area is served by Community Services Area 7, a county agency.

Heritage Ranch is a larger community consisting mostly of mobile homes, with a lesser number of single family homes and condominiums. A number of tracts are available for development. The Heritage Ranch community is served by Community Services Area 19.

Camp Roberts Military Reservation

Camp Roberts covers over 250,000 acres in San Luis Obispo County and Monterey County. The U.S. Army operates facilities for Reserve Components Training and a Satellite Communications Station under the U.S. Army Communications Command. National Guard training activities are carried on under terms of a long-term lease of facilities to the State of California.

Employment

The District is part of the San Luis Obispo Labor Market (San Luis Obispo County), surveyed periodically by the State Department of Employment Development.

More than one-fourth of all wage and salary workers in this labor market are employed by government agencies, with local government and state government predominant. Other principal employment categories are retail trade and personal services. Manufacturing, construction, transportation and utilities, and agriculture are important sources of employment. The tabulation at the top of page 34 provides a breakdown of employment and payrolls by industry, based on payroll withholding information for the third quarter of 1977 provided by local employers.

As of November 1978, the county's labor force was 57,400, total employment was 54,800, and

SAN LUIS OBISPO COUNTY

Employment and Payrolls

Third Quarter 1977

Industry	No. of Employers ^①	No. of Employees ^②	Quarterly Wages ^①
Agriculture, Forestry, Fisheries	333	2,152	\$ 4,188,343
Mineral Extraction	10	134	511,595
Construction	439	2,899	8,931,800
Manufacturing	94	2,506	6,160,931
Transportation, Public Utilities	86	2,544	9,635,636
Wholesale Trade	118	1,393	3,177,534
Retail Trade	903	9,613	15,282,765
Finance, Insurance, Real Estate	152	1,415	3,217,891
Services	792	7,168	12,902,817
Federal Government	13	577	2,334,123
State Government	395	4,838	26,938,734
Local Government	40	5,734	12,720,239
Other	19	76	98,349
Total	3,394 ^③	41,049	\$106,100,757

① Third quarter 1977.

② September 1977.

③ All employers reporting payroll withholding information for the period shown.

Source: State Employment Development Department.

unemployment was 2,600. The unemployment rate dropped from 6.4% in November 1977 to 4.5% in November 1978. Total wage and salary employment of 45,450 represented an increase of 2,150 jobs from the previous November.

Trade, services, and finance-related occupations have been the most rapidly growing categories of employment in recent years, in part reflecting the steadily increasing importance of visitor and vacation travel in the area. Between 1974 and 1977, employment in trade increased 27 percent, while services-oriented jobs expanded 23 percent. Although smaller in total number of jobs, the finance-insurance-real estate category gained over 42 percent during this period. A summary of annual data since 1974 is presented on page 35.

As previously noted, government is the largest category of employment in San Luis Obispo County, due primarily to the presence of four state facilities, California Polytechnic State University, Atascadero State Hospital, California Mens Colony and El Paso de Robles School for boys. Employment by the

Federal government constitutes a minor portion of total government employment in the county.

An estimate of government employment in San Luis Obispo County is presented below, based on data supplied by the County, the State of California Employment Development Department, the State Personnel Board and specific governmental agencies within the county.

SAN LUIS OBISPO COUNTY

Distribution of Governmental Employment

California Polytechnic State University	2,000
California Mens Colony	620
Atascadero State Hospital	1,100
El Paso de Robles School	450
Other State Employees	670
All Federal Government	600
County Employees	1,700
City, School and Other Local Agencies	4,000
Total	11,140

SAN LUIS OBISPO COUNTY

Labor Force and Employment

Annual Averages

	1974	1975	1976	1977
Labor Force	45,450	46,800	49,750	53,100
Employment	42,550	43,400	46,200	49,500
Unemployment	2,900	3,400	3,550	3,600
Unemployment Rate	6.4%	7.3%	7.1%	6.8%
Wage and Salary Employment:				
Manufacturing	2,000	1,800	2,050	2,350
Mining	100	100	100	100
Construction	2,300	2,450	2,600	2,700
Transportation, Utilities	2,300	2,100	2,350	2,650
Wholesale Trade	1,100	1,150	1,200	1,300
Retail Trade	7,600	8,350	8,900	9,650
Finance, Insurance, Real Estate	1,050	1,050	1,250	1,500
Services	5,900	6,300	6,750	7,250
Government, Federal	600	600	600	650
Government, State and Local	10,350	10,754	11,150	11,950
Agriculture	1,750	1,850	1,900	1,750
Total	35,050	36,500	38,850	41,850

Source: State Employment Development Department.

California Polytechnic State University, San Luis Obispo, was established as a statewide rather than a regional school. Its students are drawn from all counties of California. The University is described more fully under "Education" (page 39).

California Mens Colony: The California Mens Colony at San Luis Obispo, an institution of the Department of Corrections, is the second largest penal institution in the state and the sixth largest in the nation. The West Facility, a minimum security institution, was established in 1954 to house 1,400 older offenders. The East Facility, completed in 1961, is a medium security institution designed to house 2,400 inmates. Total employment is approximately 620.

The educational program at California Mens Colony is designed to provide both academic upgrading and vocational competence for inmates who have the necessary aptitudes, skills and interest. Academic training is provided for men from illiteracy level up to the completion of high school with some correspondence work carried on at the university level. Vocational training courses are offered in 14 major trades. Approximately 45 percent of the Mens Colony inmates participate in the educational program.

El Paso de Robles School: The El Paso de Robles School for boys, operated by the California Youth Authority Department, was opened in a temporary building in 1947, and its present facilities, situated adjacent to the Paso Robles Airport, date from 1954. Employment at the school is approximately 450, including part-time employees. There are over 400 wards ranging in age from 15 to 18 years of age. All wards attend academic school one-half day and are assigned to a pre-vocational trade for half a day.

Atascadero State Hospital: One of eleven hospitals operated by the California Department of Health, Atascadero is unique in that it is a maximum security hospital providing treatment for the criminally insane and mentally ill offenders who have been committed as a therapeutic alternative to jail or prison. With approximately 1,500 patients under the care of more than 1,100 employees, the hospital's payroll is the largest in the North County area.

Industry

The largest employers in the District are El Paso de Robles School and CTS Keene, Inc. (described below), both with over 400 employees. The District's principal industrial employers are listed in the tabula-

tion below. Elsewhere in the county major non-government employers include Pacific Gas and Electric Company (over 800 employees), Pacific Telephone Company (over 500 employees), French Hospital in San Luis Obispo (450 employees), and Vidar Corporation at San Luis Obispo (430 employees). Vidar, a division of TRW Inc., produces telecommunications equipment and electronics components.

There are 22 manufacturing or assembly plants in the Paso Robles area. Leading group classes of products are electronic components, printed business forms, food processing, boat production, metal fabrication, and machinery. Due to its central location between San Francisco and Los Angeles, Paso Robles is attracting increasing industrial interest as a distribution point for California and western markets.

CTS Keene, Inc., the District's largest industrial employer, manufactures electronic components, selector switches, variable resistors, and metal display fixtures. The firm recently announced plans for expansion of its local plant. Another local firm planning to enlarge capacity is Thunderbird Products, a producer of fiberglass boats. Beckman Instruments recently moved from an in-town location to Sherwood Industrial Park, doubling the size of its manufacturing space.

A master plan for the industrial development of approximately 1,000 acres adjoining the Paso Robles Airport has been completed. The acreage is suitable for air cargo facilities, research and development, and both light and heavy industry. Highway and air

transportation facilities, necessary utilities, and substantial quantities of water are available at the site, located 3½ miles northeast of Paso Robles.

Commercial Activity

Paso Robles is the principal trade center serving an estimated population of 40,000 in northern San Luis Obispo County and southern Monterey County. In the past five years 79 new establishments have reported taxable transactions, including 31 new retail outlets. Taxable sales in Paso Robles for the second quarter of 1978 (latest data available) were 24.2 percent over the comparable 1977 quarter compared with a gain of 9.2 percent in the City of San Luis Obispo. Taxable transactions in Paso Robles since 1973 are shown in the tabulation at the top of page 37.

Bank of America, Crocker National Bank, Mid-State Bank, and Security Pacific National Bank have branches in the District. Financial facilities are also provided by Century Federal Savings and Loan, Mission Federal Savings and Loan, San Luis Obispo Production Credit Association, California Federal Savings and Loan, and the Federal Land Bank.

Construction Activity

Building permit valuation in Paso Robles has accelerated markedly in the past two years. This is true of both residential and nonresidential construction, as shown on page 37 in the tabulation of

PASO ROBLES JOINT UNION HIGH SCHOOL DISTRICT

Largest Industrial Employers

Firm	Product/Service	No. of Employees
CTS Keene, Inc.	Electronics and shelving	490
Tenneco West	Almond processing	200
Ennis Business Forms, Inc.	Printed forms	160
Beckman Instruments	Electronics	115
Wilkins Regulators (Zurn)	Water regulators	60
Thunderbird Products Corp.	Boats	50
Pacific Gas and Electric Company	Electricity services	49
Pacific Telephone and Telegraph Co.	Telephone services	45
Port-A-Port West	Metal hangars	35
Saunders Systems	Heating, air conditioning	35
Palla Equipment, Inc.	Machinery	25

Source: Paso Robles Chamber of Commerce.

CITY OF PASO ROBLES**Taxable Transactions****(Dollars in Thousands)**

	Retail Outlets		All Outlets	
	Permits	Transactions	Permits	Transactions
1973	141	\$31,219	282	\$34,107
1974	145	35,637	283	39,217
1975	147	41,134	293	44,397
1976	153	44,898	306	49,209
1977	164	50,551	333	55,974
1978 (6 months)	172	27,876	361	31,427

Source: State Board of Equalization.

building permit values and number of new housing units since 1974. During this five-year period, the city issued building permits valued at more than \$32 million, including 786 housing units. About 57 percent of the housing units were single family dwellings.

A report of subdivision activity issued by the City Building Department in November 1978 disclosed total approved permits for 1,562 lots, with 293 housing units completed or under construction on these lots. The largest developers are identified in the tabulation on page 38.

The City Planning Department has examined the potential for residential development in Paso Robles. Considering projects now going through the approval process, the holding capacity of vacant land, and pending annexations, and assuming these potential projects were to be carried out and fully developed, the city would have approximately 12,600 housing units and a population exceeding 31,000. However, capacity of the city's sewage treatment plant would have to be enlarged considerably to accommodate an expansion of this magnitude.

CITY OF PASO ROBLES**Building Permit Valuation and New Dwelling Units****(Thousands of Dollars)**

	1974	1975	1976	1977	1978
Residential	\$1,844	\$2,701	\$2,644	\$6,899	\$ 9,439
Nonresidential	884	393	1,702	2,438	3,574
Total Value	\$2,728	\$3,094	\$4,346	\$9,337	\$13,013
Number of New Dwelling Units:					
Single	54	54	36	117	185
Multiple	26	61	74	105	74
Total Units	80	115	110	222	259

Source: City of Paso Robles Building Department and Security Pacific National Bank.

CITY OF PASO ROBLES

Principal Developers

As of November 1978

Tract Name	Developer	Approved Lots	Units Completed or Under Construction
Sierra Bonita II et al.	Bonita Homes, Inc.	415	56
Maple Heights	Maple Heights Assoc.	103	—
Casa Robles	Lenco Dev. Co.	94	31
Not available	Geo. C. Page	170	—
Sunrise Village	Lazzco, Inc.	88	3
Not available	Walter Bros. Constr.	86	—
Ridgeview Terrace I	Roger Himovitz	68	68
Not available	VIP Future Corp.	63	—
Paso Robles Golf and Country Club et al.	Bordonaro/Williams	66	45

Source: City Building Department.

Agriculture

Agriculture is an important component of the economy of both the city and San Luis Obispo County. Principal agricultural products in the Paso Robles area include beef and dairy cattle, chickens, turkeys, sheep, horses, grain, hay, fruits, nuts, grapes, and sugar beets. The nearby Carissa Plains area is the largest wheat producing area in the State of California. There are new almond and walnut orchards and grape vineyards in the area. The Glenbrook Apple Orchards have over 200 varieties of apples and have expanded from the York Mountain area to the Creston Road area about 6 miles south-east of Paso Robles.

Grapes of excellent quality have been grown in the area for years. The Pesenti, Rotta and York Mountain Wineries are located southwest of Paso Robles and the Hoffman Winery is located just west of Paso Robles. Two large vineyards were planted east of Paso Robles off Highway 46 in the mid-seventies. The Estrella River Vineyards and Winery are now in production, marketing premium wines under the Estrella River label. Continental Vintners plans to construct a winery to process grapes now approaching maturity. Both firms rank among the District's ten largest taxpayers (Table 10 on page 25).

Agriculture in San Luis Obispo County is discussed in the section entitled "County of San Luis Obispo" (page 42).

Transportation

The District is traversed by one of the state's major north-south highways, U.S. 101. This highway has been improved to a freeway for its entire length within the county. Paso Robles is also the junction point for State Route 46 from the Pacific Ocean and the San Joaquin Valley. The new Highway 46 west to Highway 1 was opened in 1974. Fresno and Bakersfield are 105 miles east of Paso Robles and the coast is approximately 20 highway miles west of town. Seventy miles to the east is Interstate Highway 5.

Greyhound Bus Lines maintains a depot in Paso Robles. The Orange Belt Line provides service over State Routes 46 and 41, and into the San Joaquin Valley.

The Southern Pacific Railroad provides freight service to the District and has AMTRAK service at San Luis Obispo. Six interstate motor carriers offer daily overnight service to Los Angeles, San Francisco, and the San Joaquin Valley.

Managed and operated by the City of Paso Robles, the Paso Robles Municipal Airport is located 3.5 miles northeast of the city. The airport has two hard-surfaced runways—one 6,000 feet and the other 4,700 feet in length, and is served by Swift Aire Lines, Inc. Subject to the approval of the State Public Utilities Commission, this service will be assumed by Golden Carriage Air as of March

1979. Charter flight services, aircraft and car rentals, and maintenance service are available at the airport. Eagle Aviation serves the area out of Los Angeles with freight and passenger facilities.

Utilities

Electric power, natural gas and telephone service throughout the District are provided by Pacific Gas and Electric Company, Southern California Gas Company and Pacific Telephone Company, respectively.

Water is served to individual water users by a multiplicity of purveyors, including the City of Paso Robles. For the more rural areas, private wells are prevalent. Growth in utility connections for the Paso Robles service area is shown in the tabulation below.

Education

In addition to the Paso Robles public schools, there are four parochial or private schools in the District with a combined enrollment of approximately 370.

Higher education is available at Cuesta College and California State Polytechnic University, San Luis Obispo, both within a 40-minute drive of the District.

Cuesta College, situated south of Highway 1 between San Luis Obispo and Morro Bay, is a two-year community college offering a total of approximately 200 courses. About half are applicable to transfer of credit to other institutions, one-fourth are applicable to both transfer and vocational, and the remaining one-fourth are purely vocational. Vocational courses include nursing, secretarial, business management and practices, real estate, electronics, journalism, law enforcement and penology. Courses on law enforcement and penology are especially relevant to the

community because of the proximity of the California Mens Colony and Atascadero State Hospital, two major employers in San Luis Obispo County. Cuesta College enrolled 1,903 full-time students and had a total enrollment of 5,263 in the 1977/78 academic year.

California Polytechnic State University, San Luis Obispo, occupies an academic campus of 374 acres immediately north of the San Luis Obispo city limits. Surrounding this campus are an additional 4,795 acres of campus land devoted to farming and other types of outdoor laboratory and field study activities.

Cal Poly, as it is informally known, is noted for its excellence in such applied fields as agriculture, engineering, architecture, business-home economics, and the closely related supporting fields of natural, physical, and social sciences and mathematics. Seven schools offer 57 different bachelor degree programs and four leading to the master's degree. Cal Poly is reported to have the largest enrollment of architectural students and the largest undergraduate enrollment in agriculture in the United States. Total enrollment in the fall of 1977 was 15,502, including 13,048 students enrolled full-time. Faculty and staff number approximately 2,000.

Community Facilities and Recreation

Twin Cities Community Hospital, located between Paso Robles and Atascadero, opened in February 1977. It is a modern 84-bed acute care general hospital operated by National Medical Enterprises, Inc. The hospital has advanced capabilities for numerous medical care services, including emergency, surgical, orthopedic, respiratory therapy, physical therapy, obstetrics, intensive care and coronary care. An adjacent medical plaza was completed in 1978, housing a pharmacy and offices for various medical specialists.

PASO ROBLES SERVICE AREA

Utility Connections

	1950	1960	1970	1976	1978
Water Connections	1,633	2,010	2,445	2,860	2,970
Electric Meters	1,326	2,543	2,567	15,530	17,200
Natural Gas Meters	—	—	—	2,952	3,147
Telephones	2,444	4,440	—	10,117	14,127

Source: Paso Robles Chamber of Commerce.

The Paso Robles City Library subscribes to over 80 periodicals, and has a collection of over 30,000 volumes in the main building located in Paso Robles City Park. As of November, 1978 there were 10,000 registered library patrons.

The San Luis Obispo County Fairgrounds, located in Paso Robles, is the site of many civic, social and recreational events, including public dances, political rallies, art shows, horse and dog shows, and Pioneer Day gymkhana events. Facilities include four large air-conditioned buildings, a grandstand, rodeo arena, livestock exhibition buildings, a race track, and various training aids.

The Paso Robles Daily Press, published five times a week, has a circulation of approximately 4,100. The District is also served by the weekly Paso Robles Country News. The San Luis Obispo Telegram-Tribune is the county's daily evening newspaper. Radio stations KPRL and KPRA-FM broadcast from Paso Robles.

The City of Paso Robles maintains a Park and Recreation Department, which oversees a regional park, five playgrounds, eight public tennis courts, and the Olympic-size Municipal Plunge. There are organized recreational activities for all ages. Fraternal and service organizations include most of the

well-known organizations plus a community concert group, a little theatre group, senior citizens and retired groups, square dancing, arts and crafts, equestrian groups, and others.

The Paso Robles Golf and Country Club, situated in the southeastern part of the city, has a championship 18-hole golf course, a restaurant, and tournament facilities.

Nacimiento Lake, described previously, offers waterskiing, fishing, picnicking and camping. Facilities include a marina, boat rentals, boat and tackle shop, waterskiing equipment, a restaurant, cocktail lounge, swimming pool, and playground.

Approximately 15 miles north of Nacimiento Lake is San Antonio Lake, in Monterey County. This lake, 18 miles long, has 463 regular campsites, 100 of which have electric power, sewer, and water hook-ups. A restaurant, laundromat, game room, boat and motor rentals, marina (wet and dry storage), trailer rentals, and other equipment are available for visitors.

Santa Margarita Lake, 25 miles southwest of Paso Robles, winds through wooded mountain canyons for nearly 10 miles. This beautiful lake is noted for excellent fishing.

COUNTY OF SAN LUIS OBISPO

Mission San Luis Obispo de Tolosa, fifth in the chain of 21 California missions, was founded in September 1772 by Padre Junipero Serra on the site of the present City of San Luis Obispo. It forms part of that city's present-day Mission Plaza. The county, taking its name from the Mission, was incorporated February 18, 1850 as one of the original 27 counties of California.

The county lies about halfway between Los Angeles and San Francisco. It includes coast, mountains and valleys between Monterey County on the north and Santa Barbara County on the south where the Santa Maria and Cuyama rivers form the boundary. Kern County lies to the east. The Pacific Ocean on the west gives the county 87 miles of coastline. The Santa Lucia Range dominates the western half of the County; the eastern boundary lies along the Temblor Range.

Total area of the county is 3,326.2 square miles, including 10.2 square miles of water. Of the 2,122,240 acres of land area, 1,553,126 are in farms. The coastal and inland mountain ranges border a natural and extremely fertile valley extending from Santa Margarita north into Monterey County. This valley region embraces the greater part of the County's acreage under agricultural cultivation.

County Government and Cities

San Luis Obispo is a general law county governed by a five-member Board of Supervisors, who appoint a County Administrative Officer to administer daily affairs. There are thirteen elected officials, including the County Superintendent of Schools. The county has over 1,600 employees.

The six cities in the county, with January 1, 1978 population estimates, are: San Luis Obispo (34,100), the county seat, Arroyo Grande (10,200), Morro Bay (8,625), El Paso de Robles (8,200), Grover City (7,900), and Pismo Beach (4,970).

Population

Population growth in the county has been moderate and steady, although higher than that of the State of California. Expansion has continued in the seventies, reflected in the tabulation below.

Taxable Transactions

Taxable sales in the county for 1977 exceeded \$683 million dollars, as shown below.

SAN LUIS OBISPO COUNTY

Business Permits and Taxable Transactions

Year	No. of Permits	Transactions in Thousands
1973	3,523	\$292,853
1974	3,720	322,252
1975	3,951	363,100
1976	4,199	459,790
1977	4,714	683,626

Source: State Board of Equalization.

SAN LUIS OBISPO COUNTY AND STATE OF CALIFORNIA

Population Growth

Year	San Luis Obispo County	Percent Change	State of California	Percent Change
1940	33,246	—	6,907,387	—
1950	51,417	54.7%	10,586,223	53.3%
1960	81,044	57.6	15,717,204	48.5
1970	105,690	30.4	19,953,134	27.0
1978	140,000	32.5	22,260,000	11.6

Source: U.S. Census Bureau, except July 1, 1978 estimates by State Department of Finance.

Construction

Building permit valuation throughout the county totaled \$137,294,000 in 1977, a thirty percent gain over the previous year. The number of housing units increased by more than one-third. Building permit valuations from 1974 through November 1978 are shown in the tabulation below.

Mineral Production

In 1976 San Luis Obispo County had 253 producing oil wells, which yielded 1,373,127 barrels of oil. Natural gas from associated oil zones produced during the year amounted to 862,952 Mcf.

The Union Oil Company refinery located at Nipomo Mesa, in the southern part of the County, produces petroleum products and derivatives. Approximately 240,000 tons of petroleum coke is yielded each year and asphalt and sulfur are also produced. Some of the coke is used by a subsidiary at the refinery to produce electrodes.

Agriculture

The gross value of agricultural production in San Luis Obispo County exceeds \$90 million annually. Principal products of the County are vegetables, livestock, poultry and field crops. The year-round nature of the livestock and poultry industry and the intensive cultivation and long growing season that is characteristic of vegetable production provide a high degree of stability to agricultural employment.

Generally, livestock and poultry production is associated with the northern portion of the County with its gently rolling terrain, pastures and large plantings of various feed and grain crops.

The fertile Arroyo Grande Valley of southern San Luis Obispo County and northern Santa Barbara County is noted for a wide variety of vegetables it produces. A long growing season and triple cropping on a rotation basis of such vegetables as broccoli, celery and lettuce results in an average income per acre of over \$2,100. A five-year summary of the dollar value of farm production in San Luis Obispo County is shown in the tabulation on page 43.

SAN LUIS OBISPO COUNTY

Value of Building Permits

(Dollars in Thousands)

	1974	1975	1976	1977	1978 (11 Mos.)
<hr/>					
Residential:					
New units	\$34,069	\$61,604	\$ 85,820	\$109,250	\$ 93,192
Alterations and additions	2,482	3,280	4,337	5,534	5,546
Subtotal	\$36,551	\$64,884	\$ 90,157	\$114,784	\$ 98,738
Non-residential:					
New construction	\$ 5,222	\$12,998	\$ 13,902	\$ 20,303	\$ 21,803
Alterations and additions	1,641	1,382	1,658	2,207	2,491
Subtotal	\$ 6,863	\$14,380	\$ 15,560	\$ 22,510	\$ 24,294
Total valuation	\$43,414	\$79,264	\$105,717	\$137,294	\$123,032
Number of dwelling units:					
Single-family	1,130	1,523	1,887	2,252	1,731
Multi-family	342	543	723	1,241	564
Total units	1,472	2,066	2,610	3,493	2,295

Source: "California Construction Trends", Security Pacific National Bank.

SAN LUIS OBISPO COUNTY

Five Year Summary of Agricultural Production

(Thousands of Dollars)

Commodity	1973	1974	1975	1976	1977
Livestock and related	\$33,200	\$25,840	\$27,830	\$26,034	\$28,410
Field crops	15,881	23,377	24,830	19,554	12,457
Fruit, nuts, seed, nursery	4,608	6,895	6,959	12,654	8,289
Vegetables	27,984	28,256	31,214	35,000	43,587
Total Valuation	\$81,673	\$84,368	\$90,833	\$93,242	\$92,743

Source: County Agricultural Commissioner.

Power Generation

One of the largest power generating installations in the Pacific Gas and Electric system is located at Morro Bay, southwest of the District on the coast. Built in 1956, the plant's steam generator can supply up to 1,030 megawatts of electric power. The main building is ten stories tall, and there are three 450-foot tall smokestacks.

PG & E is building one of the largest nuclear power stations in the United States at Diablo Canyon, located seven miles north of Port San Luis (Avila Beach) along the coast. The project is the fourth largest construction undertaking in California, requiring 2,200 workers during peak construction, and will cost \$1,410 billion when completed. The 1977/78 assessed valuation of the facility is \$147,746,550. Two units will have a combined generating capacity of 2,190 megawatts, which represents more than one-sixth of the company's total capacity when in operation.

PG & E has applied for an interim license to operate Unit 1, now complete. The U.S. Nuclear Regulatory Commission has held a number of public hearings to receive public comments. PG & E feels confident the license will be granted. Subject to Commission approval, Unit 2 could go into operation in 1979. However, no assurance can be given that either unit will be permitted to commence operations. The Diablo Canyon generating plant will require an operating staff of approximately 150 when in full operation.

Ports

Port San Luis, at Avila, and Morro Bay have been designated as "harbors of refuge." Both harbors are used by ocean-going tankers, which receive crude

oil from storage tanks and deliver refined petroleum products. A substantial commercial fishing fleet is headquartered in both harbors and facilities are available for private boating as well.

Recreation and Visitor Attractions

Recreation in San Luis Obispo County is characterized by outdoor activities. An excellent system of state and county parks places these areas within a half-hour drive from any place in the county. Along the coastline are many recreational facilities and tourist attractions. Swimming, clamming, picnicking, boating, surfing, fishing and water skiing at the various beaches, lakes and parks in the county are enjoyed by residents and visitors. Some of the most popular facilities, in addition to those already mentioned, are described in the following paragraphs.

Lopez Lake: Fifteen miles southeast of San Luis Obispo is the Lopez Lake Recreation Area which has a 500-acre recreational site on the shores of the 1,000-acre lake. In addition to swimming, water skiing and boating, a marina is planned as well as equestrian facilities and riding trails, complete camping facilities, restaurant, laundry and general store.

Cayucos Beach State Park: The village of Cayucos is a charming coastal village with fine surfing and skin diving. Pier fishing is excellent and boats are available for angling in deeper waters.

Pismo Beach State Park: Located on beautiful protected beaches unmarred by riptides or undertows, this park offers swimming, fishing, clamming, camping and trailer sites and picnic units. Each year thousands of visitors come for the Clam Festival.

Atascadero Lake: Within the town of Atascadero is the mile-long lake which bears its name. It is surrounded by oak tree covered hills and has a park

with picnic and barbecue facilities, children's zoo and playground. Swimming, boating, water skiing and fishing are popular.

San Simeon: The late William Randolph Hearst's La Cuesta Encantada, or the Enchanted Hill as he called it, is now a state historical monument and known as "Hearst's Castle" or simply "San Simeon." It hosts over 800,000 visitors annually.

The Castle is about 30 miles north of Morro Bay, and five miles east of Highway 1. On the road leading up the hill the visitor sees varieties of wildlife, such as zebra, tahr goats and Barbary sheep, which comprised Mr. Hearst's private zoo.

The property was presented to the State of California by the Hearst Corporation and opened to the public on June 2, 1958, seven years after Hearst's death. There are three different escorted tours of the grounds.

San Simeon State Park: Near Hearst Castle is the Spanish-style village which was once a whaling port. It has a protected harbor and beach, and charter fishing boats are for hire. There is also a public fishing pier, and the 7½-acre state park features overnight facilities.

In the southern part of the County is Los Padres National Forest, affording many opportunities for hiking, camping, and nature study.

APPENDIX A

Proposed Form of Legal Opinion of Orrick, Herrington,
Rowley & Sutcliffe, San Francisco, California.

Paso Robles Joint Union High School District
Educational Facilities Corporation
San Luis Obispo County, California

Paso Robles Joint Union High School District
Educational Facilities Corporation Bonds,
Series of 1979

(Final Opinion)

Dear Sirs:

We hereby certify that we have examined the record of proceedings submitted to us relative to the issuance of \$6,345,000 principal amount of bonds designated "Paso Robles Joint Union High School District Educational Facilities Corporation Bonds, Series of 1979" (the "Series of 1979 Bonds") of Paso Robles Joint Union High School District Educational Facilities Corporation (the "Corporation") issued under an indenture, dated as of March 1, 1979 (the "Indenture"), between the Corporation and United California Bank, as trustee (the "Trustee"). The Series of 1979 Bonds are part of a duly authorized issue of bonds of the Corporation not limited in aggregate principal amount and designated as its "Paso Robles Joint Union High School District Educational Facilities Corporation Bonds" (the "Bonds").

The Series of 1979 Bonds are authorized to be issued in coupon form in the denomination of \$5,000 each or in fully registered form in the denomination of \$5,000 each or any authorized multiple thereof not exceeding the aggregate principal amount of Series of 1979 Bonds maturing in any one year. Coupon Series of 1979 Bonds and fully registered Series of 1979 Bonds are interchangeable at the principal office of the Trustee in San Francisco, California, upon the terms and conditions set forth in the Indenture. The Series of 1979 Bonds are dated March 1, 1979. The coupon Series of 1979 Bonds are numbered, and the Series of 1979 Bonds mature on December 1 in the years and amounts and bear interest (payable on December 1, 1979 and semiannually thereafter on June 1 and December 1 in each year) at the rates, as set forth in the following schedule:

<u>Coupon Bond Numbers (inclusive)</u>	<u>Maturity Date December 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
1 - 26	1981	\$130,000	
27 - 55	1982	145,000	
56 - 86	1983	155,000	
87 - 119	1984	165,000	
120 - 155	1985	180,000	
156 - 193	1986	190,000	
194 - 234	1987	205,000	
235 - 278	1988	220,000	
279 - 326	1989	240,000	
327 - 377	1990	255,000	
378 - 432	1991	275,000	
433 - 491	1992	295,000	
492 - 555	1993	320,000	
556 - 623	1994	340,000	
624 - 696	1995	365,000	
697 - 775	1996	395,000	
776 - 860	1997	425,000	
861 - 951	1998	455,000	
952 - 1049	1999	490,000	
1050 - 1154	2000	525,000	
1155 - 1269	2001	575,000	

Both the principal of and interest on the Series of 1979 Bonds are payable in lawful money of the United States of America at the principal office of the Trustee in San Francisco, California. Such principal and interest, in the case of coupon Series of 1979 Bonds, are also payable, at the option of the holder, at the principal office of Manufacturers Hanover Trust Company, in New York, New York, or at the office of The Northern Trust Company, in Chicago, Illinois.

The Series of 1979 Bonds are subject to redemption prior to their respective stated maturities, as provided in the Indenture, from proceeds of insurance or eminent domain proceedings. Series of 1979 Bonds maturing on or prior to December 1, 1994 are not otherwise subject to redemption prior to their respective stated maturities. Series of 1979 Bonds maturing on or after December 1, 1995 are also subject to redemption prior to their respective stated maturities, at the option of the Corporation, upon the terms stated in the Series of 1979 Bonds and in the Indenture.

The Indenture authorizes the issuance of additional series of Bonds and additional bonds, which will rank equally as to security with the Series of 1979 Bonds, regardless of the time of their issuance, upon the terms and subject to the conditions set forth in the Indenture.

The Indenture and the rights and obligations of the Corporation and the holders and registered owners of the Bonds, including the Series of 1979 Bonds, may be modified or amended in the manner and subject to the restrictions and limitations contained in the Indenture.

In our opinion, such proceedings show lawful authority for the issuance of the Series of 1979 Bonds under the laws of the State of California now in force, and the Series of 1979 Bonds have been duly authorized and constitute valid, legal and binding obligations of the Corporation, payable in accordance with their terms and secured as provided in the Indenture.

We are further of the opinion that:

1. The Corporation is duly organized and existing under the laws of the State of California as a nonprofit corporation.

2. The Indenture has been duly and legally authorized, executed, delivered and recorded and is a valid, legal and binding obligation of the Corporation. The Indenture constitutes a first lien upon the trust estate more particularly described therein, subject only to the hereinafter referred to Facility Lease (Project Phase I) from the Corporation to the Paso Robles Joint Union High School District (the "District") and other exceptions set forth in the policy of title insurance, issued by Title Insurance and Trust Company, insuring the Trustee and dated the date of this opinion.

3. The lease from the District to the Corporation, dated as of March 1, 1979 and designated "Site Lease (Project Phase I)," and the lease from the Corporation to the District, dated as of March 1, 1979 and designated "Facility Lease (Project Phase I)," have been duly authorized, executed and delivered and have been duly recorded and constitute legal, valid and binding instruments. The obligation of the District to pay each year's rentals during the term of the Facility Lease (Project Phase I) will be valid and enforceable in

accordance with the terms of the Facility Lease (Project Phase I) subject to the limitations on legal remedies against school districts in the State of California. The rentals payable by the District to the Corporation under the terms of the Facility Lease (Project Phase I) constitute the primary source of funds of the Corporation for the payment of the Bonds, and such rentals are payable only from funds of the District legally available therefor.

4. Interest on the Series of 1979 Bonds is exempt from federal income taxes under existing laws, rulings, regulations and court decisions, and a specific ruling of the United States Treasury Department to the Corporation, and under said ruling the income of the Corporation will not be subject to federal income taxes. Interest payable on the Series of 1979 Bonds is also exempt from State of California personal income taxes under existing laws, and the Series of 1979 Bonds are exempt from all State of California taxes except inheritance, estate, gift and franchise taxes.

5. In connection with the opinions expressed herein, the rights under the Series of 1979 Bonds, the Indenture, the Site Lease (Project Phase I) and the Facility Lease (Project Phase I) are subject to laws relating to bankruptcy or insolvency or other laws affecting creditor's rights.

We remain, dear sirs,

Faithfully yours,

ORRICK, HERRINGTON, ROWLEY &
SUTCLIFFE

per

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